This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2423.

LISTED DECEMBER 29, 1969.

61,357,456 Common Shares of the par value of 25¢ (U.S. currency) of which 50,361,356 are subject to issuance.

Stock Symbol "IOS".

Post Section 5.4.

Dial Quotation No. 2218.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

I.O.S., LTD.

Incorporated under the Laws of Canada by

Letters Patent dated January 28, 1953

CAPITALIZATION AS AT NOVEMBER 28, 1969

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Preferred Shares of the par value of 25¢ (United States currency) each	75,000,000	44,479,484	Nil
Common Shares of the par value of 25¢ (United States currency) each	150,000,000	10,996,100	61,357,456

November 28, 1969

1. APPLICATION

I.O.S., LTD. (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 61,357,456 common shares of the par value of 25¢ (United States currency) each (hereinafter called "Common Shares") in the capital of the Company, of which 10,996,100 Common Shares have been issued and are outstanding as fully paid and non-assessable. The remaining 50,361,356 Common Shares included in this application have been reserved as follows:

(1) For issue upon conversion of outstanding preferred shares of the par value of 25¢ (United States currency) each (hereinafter called "Preferred Shares") in the capital of the Company	44,479,484
(2) For issue upon conversion of up to 4,884,672 Preferred Shares allotted for issue under The IOS Stock Option Plan	4,884,672
(3) For issue upon conversion of up to 947,200 Preferred Shares allotted for issue under an agreement by which the Company is entitled to acquire all the shares of a computer service company	947,200
(4) For issue upon conversion of up to 50,000 Preferred Shares allotted for issue to an employee of the Company under an option granted to such employee	50,000

2. HISTORY

The Company was incorporated in 1953, and from incorporation until 1968 the Company carried on the business of an investment company. On June 20, 1969, the Company acquired the business and assets (except for $216,250 cash) of I.O.S., Ltd. (S.A.) (hereinafter called the "Predecessor Company").

The Predecessor Company's business was founded in Paris, France, in 1956, and at that time consisted of the distribution in Europe of shares of several United States mutual funds. In 1961, the Predecessor Company sponsored its first mutual fund, and in 1962 and 1963 the Predecessor Company sponsored or assumed management of two more mutual funds. Between 1963 and June 20, 1969, the Predecessor Company established seven new mutual funds, bringing to ten the number of open-end mutual funds now managed and distributed by the Company.

In 1962, the Predecessor Company, through a subsidiary, began issuing life insurance insuring the completion of mutual fund share purchase programs sold by the Predecessor Company. In 1963, a subsidiary of the Predecessor Company was formed to offer an equity-linked term life insurance policy and to carry on a general life insurance business. By June 20, 1969, subsidiaries or affiliates of the Predecessor Company were conducting insurance and re-insurance activities in England, Luxembourg, Holland, Germany, and Australia.

In 1964, the Predecessor Company entered the banking field by acquiring an interest in a small Swiss bank. Between 1964 and June 20, 1969, the Predecessor Company established or acquired eleven other banks or financial subsidiaries, and at June 20, 1969, was engaged in banking activities in England, Luxembourg, Germany, Switzerland, Italy, and the Bahama Islands.

Through a subsidiary, the Predecessor Company commenced the development, promotion and distribution of real estate in 1966. By June 20, 1969, subsidiaries of the Predecessor Company had promoted and sold large condominium apartment complexes in Spain and Florida and had initiated the development and sale of other real estate projects in Florida and Germany.

3. NATURE OF BUSINESS

The Company is essentially a holding company whose principal assets are the shares of its various subsidiary and affiliated companies. For details of the operations of the Company's subsidiary companies, see Item 9 dealing with Principal Subsidiary Companies. The Company employs 15 persons, and its subsidiaries employ approximately 4,000 persons.

4. INCORPORATION

The Company was incorporated under the name Dalmar Ltd. under the laws of Canada by letters patent dated January 28, 1953, with an authorized capital consisting of 1,000 common shares without nominal or par value. By supplementary letters patent dated April 28, 1969, the name of the Company was changed to I.O.S. Holdings Ltd. and the authorized capital of the Company was changed and increased to $20,000,000 divided into 20,000,000 shares of the par value of $1 each. By supplementary letters patent dated June 27, 1969, the name of the Company was changed to I.O.S., Ltd. and each of the 20,000,000 shares of the par value of $1 each in the capital of the Company was subdivided into 2 shares of the par value of $1 each, so that the authorized capital of the Company was $40,000,000 divided into 40,000,000 shares of the par value of $1 each. By further supplementary letters patent dated September 19, 1969,

(i) 1,348,000 issued shares in the capital of the Company were classified as and subdivided into 5,392,000 Common Shares of the par value of 25¢ (United States currency) each;

(ii) the remaining 10,918,539 issued shares in the capital of the Company were classified as and subdivided into 43,674,156 Preferred Shares of the par value of 25¢ (United States currency) each;

(iii) the 27,733,461 unissued shares in the capital of the Company were classified as and subdivided into 110,933,844 Common Shares of the par value of 25¢ (United States currency) each;

(iv) an additional 31,325,844 Preferred Shares of the par value of 25¢ (United States currency) each and an additional 33,674,156 Common Shares of the par value of 25¢ (United States currency) each were created;

(v) the Company was converted into a public company;

(vi) the board of directors of the Company was authorized to fix record dates for the determination of the shareholders entitled to attend and vote at shareholders' meetings; and

(vii) the Company was authorized to issue share warrants with respect to fully paid-up Common Shares in the capital of the Company.

5. SHARES ISSUED DURING PAST TEN YEARS

During the past ten years the following shares in the capital of the Company have been issued for the following consideration and purposes:

(a) Shares of the Par Value of $1 Each:

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
June 16, 1969	1	$ 1.40	$ 1.40	To qualify director
June 20, 1969	6,118,695	—	—	Part consideration for purchase of assets of I.O.S., Ltd. (S.A.)
September 15, 1969	15,200 13,341	13.40 (U.S.) 11.98 (U.S.)	211,720 (U.S.) 159,825 (U.S.)	To employees under The IOS Stock Option Plan

(b) Common Shares of the Par Value of 25¢ (United States currency) Each:

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
October 15, 1969	5,600,000	$10 (U.S.)	$56,000,000 (U.S.)	Public Issue
November 24, 1969	4,100	—	—	To acquire 4,100 shares of I.O.S. Insurance Holdings Ltd.

(c) Preferred Shares of the Par Value of 25¢ (United States currency) Each:

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
October, 1969	146,072	$ 2.995 (U.S.)	$ 437,486 (U.S.)	To employees under The IOS Stock Option Plan
	65,016	3.35 (U.S.)	217,804 (U.S.)	
	41,100	3.70 (U.S.)	152,070 (U.S.)	
November, 1969	400	1.58875 (U.S.)	636 (U.S.)	To employees under The IOS Stock Option Plan and under option agreement
	800	1.3975 (U.S.)	1,118 (U.S.)	
	5,048	1.6625 (U.S.)	8,392 (U.S.)	
	27,792	2.00875 (U.S.)	55,827 (U.S.)	
	12,120	2.34875 (U.S.)	28,467 (U.S.)	
	56,200	3.70 (U.S.)	207,940 (U.S.)	
	271,276	3.35 (U.S.)	908,775 (U.S.)	
	179,504	2.995 (U.S.)	537,614 (U.S.)	

6. SHARE PROVISIONS

The Preferred Shares and the Common Shares have attached thereto the following rights, conditions, restrictions, limitations and prohibitions:

(a) Dividend, Liquidation and Distribution Rights

The Preferred Shares and the Common Shares rank equally with respect to all payments to shareholders of the Company by way of dividend or distribution of assets on the liquidation, dissolution or winding-up of the Company. The board of directors of the Company may declare dividends payable in cash or shares of the Company. Any dividend declared payable in shares must be paid in Common Shares on all outstanding shares in the capital of the Company, except that

(i) if such dividend per share would have been equal to at least one Common Share, such dividend may be paid in Preferred Shares to the holders of Preferred Shares and in Common Shares to the holders of Common Shares; and

(ii) the board of directors may, in its discretion, grant to the holders of Common Shares the right to receive, at their option, cash or Common Shares in satisfaction of any such dividend.

If, on the declaration of a dividend payable in shares of the Company, a shareholder would be entitled to receive a fraction of a share, the Company may, in lieu of issuing such fraction of a share, pay to such shareholder an amount in cash equal to the value of such fraction of a share.

(b) Voting Rights

The holders of Preferred Shares and the holders of Common Shares are entitled to one vote in respect of each share held at all meetings of shareholders of the Company. However, if the Company has in either of the two preceding calendar years paid a cash dividend of at least 1¢ (United States currency) per share or a stock dividend equivalent in value to at least 1¢ (United States currency) per share on each outstanding share in the capital of the Company,

(i) the holders of Preferred Shares, voting separately and as a class, are entitled to elect ⅔ of the directors of the Company, and

(ii) the holders of Common Shares, voting separately and as a class, are entitled to elect the remaining directors of the Company.

As a result, so long as the Company pays a dividend equal in amount or value to at least 1¢ (United States currency) per share at least once every 2 years, the holders of Preferred Shares will be entitled to elect ⅔ of the directors of the Company.

(c) Conversion Rights

The Company may from time to time permit a registered holder of Preferred Shares to convert a specified number of such Preferred Shares into Common Shares on the basis of one Common Share for each Preferred Share converted. The Company may not authorize more than 20% of the Preferred Shares outstanding on January 1 in any year to be converted into Common Shares in such year.

(d) Restrictive Provisions

Without the approval of the holders of each class of shares in the capital of the Company given in the manner specified in the provisions attaching to such shares,

(i) no additional Preferred Shares in the capital of the Company may be issued except as a result of the payment of a stock dividend;

(ii) no new classes of shares may be created,

(iii) none of the provisions attaching to the shares in the capital of the Company may be amended,

(iv) none of the shares in the capital of the Company may be consolidated, reclassified or changed,

(v) the Company may not voluntarily wind-up or dispose of its assets as an entirety, and

(vi) the Company may not amalgamate or merge with or into any other company.

7. DIVIDEND RECORD

The only dividend paid by the Company and the Predecessor Company during the past 10 years was a dividend of 10¢ per share paid on June 16, 1969.

8. PROPERTIES

The following is a description of the principal properties and plants of the Company and its subsidiaries:

Location and Description	Owned or Leased	Annual Rental	Expiration Date of Leases	Approximate Gross Area in square feet
Geneva, Switzerland				
Executive Offices:				
119, rue de Lausanne, and adjoining premises at 2-4 Avenue Sécheron	Leased	$111,115	1975	50,300
Administrative Offices:				
16, Chemin de la Voie Creuse	Leased	$79,553	1972	29,446
Conference and training facilities:				
Bella Vista	Owned			9,688
Banking Offices:				
40 & 23, rue du Rhône	Leased	$145,421	1972-74	29,063
121, rue de Lausanne				
Nyon, Switzerland	Leased	$30,174	1972	21,528
Data Processing Facility				
Ferney-Voltaire, France	Owned			172,224
Administrative Offices				
England				
Executive Offices of ILI/UK:				
Park House, Park Street London W.1	Leased	$28,545	1978	4,792
Portland House, Stag Place London S.W.1	Leased	$238,740	2058	22,714
Administrative Offices:				
Wembley Park, Middlesex	Leased	$158,314	2009	110,770
Canada				
Administrative and Sales Offices:				
Montréal	Leased	$104,714	1975-77	20,513
Toronto	Leased	$39,669	1974	12,527
Luxembourg				
Banking Office:	Leased	$5,709	1971	3,444
19, rue Glesener				
Germany				
Administrative Offices of I.O.S. in Deutschland GmbH:				
Munich	Leased	$79,702	1970-71	42,298
Bad Godesberg	Leased	$14,597	1971	1,829
Banking Offices:				
Munich	Leased	$16,057	1972	8,124
Frankfurt	Leased	$29,826	1974	3,067
Dusseldorf	Leased	$13,345	1972	2,604
Pre-processing:				
Munich	Leased	$104,601	1972	32,280
Italy				
Administrative Office of Fideuram:				
Rome	Leased	$65,956	1970-74	35,648
Banking Office:				
Milan	Owned			16,140

None of these properties is mortgaged.

9. PRINCIPAL SUBSIDIARY COMPANIES

The Company's principal subsidiary companies are as follows:

(a) Investors Overseas Services Limited—a company formed under the laws of the Bahama Islands by memorandum of association dated December 24, 1964. The authorized capital of Investors Overseas Services Limited is divided into 100,000 shares of $14.30 (Bahamian) each, all of which have been issued and are beneficially owned by the Company. Investors Overseas Services Limited sells shares of mutual funds and equity-linked life insurance policies;

(b) Investors Overseas Services Management Limited—a company incorporated under the laws of the Province of Ontario by letters patent dated April 9, 1953. The authorized capital of Investors Overseas Services Management Limited consists of 15,000,000 shares without par value, of which 11,713,063 shares have been issued. Approximately 77% of the issued shares are owned by the Company. Investors Overseas Services Management Limited, through wholly-owned subsidiaries, provides management services to the major mutual funds distributed by the Company;

(c) IOS Financial Holdings Limited—a company formed under the laws of England by memorandum of association dated March 29, 1968. The authorized capital of IOS Financial Holdings Limited is divided into 75,000 shares of 1,000 Swiss francs each, of which 50,000 shares have been issued and are beneficially owned by the Company. IOS Financial Holdings Limited, through wholly-owned subsidiaries, conducts a commercial and investment banking business;

(d) IOS Real Estate Holdings Limited—a company formed under the laws of England by memorandum of association dated March 24, 1969. The authorized capital of IOS Real Estate Holdings Limited is divided into 6,000,000 common shares of $1 (U.S.) each, of which 3,320,301 shares have been issued and are beneficially owned by the Company. IOS Real Estate Holdings Limited, through wholly-owned subsidiaries, engages in the promotion, development, sale and management of real estate projects;

(e) IOS Insurance Holdings Ltd.—a company incorporated under the laws of Canada by letters patent dated November 19, 1956. The authorized capital of IOS Insurance Holdings Ltd. is $20,000,000 (in currency of the United States of America) divided into 20,000,000 shares of the par value of $1 (in currency of the United States of America) each, of which 820,003 shares have been issued. Approximately 78% of the issued shares are owned by the Company. IOS Insurance Holdings Ltd., through wholly-owned subsidiaries, carries on a life insurance and re-insurance business.

10. FUNDED DEBT

The Company has no funded debt. The only subsidiary of the Company which has funded debt is Investors Overseas Services Management Limited (hereinafter called "Management"). The funded debt of Management consists of $30,029 principal amount of 5% unsecured convertible debentures which mature March 15, 1972. The holder of such a debenture is entitled to convert each $1 principal amount of such debenture into 3 shares of Management on payment to Management of $12.50 for each $1 principal amount of such debenture so converted. Interest on the said debentures is payable on the last days of June and December in each year.

11. OPTIONS

The following are the only options or agreements of a like nature with respect to unissued shares in the capital of the Company:

(a) An agreement under which the Company is obliged, in certain circumstances, to purchase from Kent Gordis, a Vice-President of the Company, the 14,800 shares of International Scientific Services, Ltd. owned by Mr. Gordis. The Company is entitled to pay for each share purchased either by issuing Preferred Shares in the capital of the Company or by paying to Mr. Gordis the formula value price of Preferred Shares then in effect under The IOS Stock Option Plan described below. Up to 947,200 Preferred Shares in the capital of the Company may be issued to Mr. Gordis under the said agreement; and

(b) An agreement under which Burton Wolf, an employee of the Company, is entitled to purchase from the Company 50,000 Preferred Shares in the capital of the Company at the price of $3.125 (United States currency) per share.

The Company has instituted The IOS Stock Option Plan (hereinafter called the "Plan"), a stock option plan under which active associates, employees and directors (hereinafter called "Associates") of the Company and its subsidiaries are entitled to purchase numbers of Preferred Shares determined, in the case of sales personnel, by reference to their sales volume and, in the case of administrative and executive personnel, by an option committee composed of senior officers of the Company.

Each purchase by an Associate under the Plan is made at the formula value price in effect at the time such Associate becomes entitled to make such purchase. The formula value price per Preferred Share for purposes of the Plan is computed as of the last day of each calendar quarter and remains in effect throughout the following calendar quarter. The Plan provides in effect that the formula value price is the amount obtained by dividing the number of outstanding shares in the capital of the Company into the sum of

(i) the net worth of the Company, plus

(ii) net unearned first-year commissions on sales of mutual fund shares made up to the time of computation (assuming a specified delinquency factor), plus

(iii) $500 (U.S.) for each $50,000 (U.S.) of sales made by active Associates prior to the time of computation, with a maximum of $5,000 (U.S.) for any one Associate, plus

(iv) $36 (U.S.) for each $1,000 (U.S.) of Company-managed mutual fund assets, plus

(v) $5 (U.S.) for each $1,000 (U.S.) of Company-issued life insurance in force, plus

(vi) an amount equal to three times the consolidated net earnings of the Company for the preceding year from operations other than the mutual fund and life insurance businesses.

The Plan provides that a holder of Preferred Shares acquired under the Plan may not transfer any of such Preferred Shares to a third party unless The IOS Stock Option Plan Limited (described below) is first given an opportunity to purchase such Preferred Shares at the formula value price then in effect under the Plan. In addition, a holder of Preferred Shares acquired under the Plan

(i) who has completed 10 years of active association with the Company, or

(ii) who has completed 5 years (commencing prior to September 1, 1969) of active association with the Company and is at least 55 years of age, or

(iii) who has completed 5 years (commencing after September 1, 1969) of active association with the Company and is at least 60 years of age

may, within 30 days following such completion and within 30 days following each anniversary of such completion, elect to convert up to 10% of the Preferred Shares held by him on such completion into Common Shares. A holder of Preferred Shares under the Plan who is over 60 years of age may in each year convert up to 20% of the Preferred Shares so held by him on his 60th birthday. Common Shares resulting from such a conversion are not subject to any of the provisions of the Plan.

Because the Company is not permitted to acquire its own shares, The IOS Stock Option Plan Limited (hereinafter called "Plan Limited") has agreed to purchase any shares in the capital of the Company which the Company would otherwise have been entitled to purchase under the Plan. Plan Limited has also agreed to sell to Associates under the Plan any shares in the capital of the Company so purchased by it, in each case in accordance with the Company's directions. Although the Company does not control Plan Limited, the Company is the owner of virtually all the equity shares of Plan Limited. The Preferred Shares now held by Plan Limited may therefore be considered to be held for the benefit of the Company.

There are no outstanding underwriting agreements relating to securities of the Company.

12. LISTINGS

The Common Shares in the capital of the Company are listed for trading on the Luxembourg Stock Exchange and the Amsterdam Stock Exchange. Application is also being made to list the Common Shares on the Montreal Stock Exchange and the Stock Exchange, London.

The shares of Management are listed on The Toronto Stock Exchange, the Luxembourg Stock Exchange, and the Amsterdam Stock Exchange, and have unlisted trading privileges on the Stock Exchange, London.

13. SECURITIES COMMISSION

On September 23, 1969, the Ontario Securities Commission issued its receipt for a prospectus in respect of the offering of 1,450,000 Common Shares in the capital of the Company. On or about September 23, 1969, similar receipts were issued by the securities commissions or corresponding governmental bodies or authorities of all the other Provinces of Canada.

14. FISCAL YEAR AND ANNUAL MEETINGS

The fiscal year of the Company ends on December 31 in each year.

The by-laws of the Company provide that the annual meeting of shareholders of the Company shall be held at the head office of the Company or elsewhere within Canada on such day in each year and at such time as the board of directors may by resolution determine. No annual meeting of shareholders of the Company has yet been held.

15. HEAD AND OTHER OFFICES

The address of the head office of the Company is Brunswick House, 44 Prince William Street, Saint John, New Brunswick. The principal executive and administrative offices of the Company are at 119, rue de Lausanne, Geneva, Switzerland.

16. TRANSFER AGENTS

The transfer agent for the Common Shares in the capital of the Company is Montreal Trust Company, 15 King Street West, Toronto, Ontario. The branch transfer agent for the Common Shares in the capital of the Company is The Royal Bank of Canada Trust Corporation Limited, Brewers' Hall, Aldermanbury Square, London, E.C. 2, England. Certificates for Common Shares are interchangeably transferable. No fee is charged on transfers of Common Shares in the capital of the Company other than government stock transfer taxes.

17. REGISTRAR

The registrar for the Common Shares in the capital of the Company is Montreal Trust Company, 15 King Street West, Toronto, Ontario.

18. AUDITORS

The auditors of the Company are Arthur Andersen & Co., public accountants, Beatengasse 9, 8001, Zurich, Switzerland.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This prospectus constitutes a public offering of these securities for sale only in those provinces of Canada where a prospectus has been filed.

The 1,450,000 common shares offered hereby are being sold on behalf of shareholders of the Company and no part of the proceeds of sale of such common shares will be received by the Company. Reference is made to "Principal Holders of Securities" on page 34 hereof for information relating to such selling shareholders.

$15,660,000

IOS

I.O.S., LTD.

(Incorporated under the laws of Canada)

1,450,000 Common Shares

(of the par value of 25¢ (United States currency) each)

VOTING RIGHTS

If the Company has in either of the two preceding calendar years paid a cash dividend of at least 1¢ (U.S.) per share or a stock dividend equivalent in value to at least 1¢ (U.S.) per share on each outstanding share of the Company,

(i) the holders of the preferred shares of the Company, voting separately and as a class, are entitled to elect ⅔ of the directors of the Company, and

(ii) the holders of the common shares of the Company, voting separately and as a class, are entitled to elect the remaining directors of the Company.

	Price to Public	Underwriting Discount*	Proceeds to Selling Shareholders
Per Share	$10.80	$.549	$10.251
Total	$15,660,000	$796,000	$14,864,000

*Before deducting expenses of offering, estimated at $200,000, payable by the Canadian Underwriter.

A total of 10,992,000 common shares of the Company are being contemporaneously offered, of which 1,450,000 shares are being offered by this prospectus, 3,942,000 shares are being separately offered outside Canada through Investors Overseas Bank Limited, a subsidiary of the Company, and 5,600,000 shares are being separately offered outside Canada through a group of United Kingdom and European underwriters. The price to the public in each of these offerings will be $10.80 ($10 U.S.) per share. Reference is made to "Other Offerings" on page 29 hereof. The only expenses or other amounts payable by the Company in connection with these offerings are underwriting commissions and management fees in the amount of approximately $3,482,000 in connection with the offering of the said 5,600,000 shares.

We, as principals, offer these shares, subject to prior sale, if, as and when accepted by us. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that certificates for these shares will be available for delivery in definitive form on or about October 15, 1969. At any time after the expiration of the period of 45 days immediately following delivery of these shares to the Underwriter, holders of these shares will be entitled, at their option, to exchange share certificates representing their shares for bearer share warrants representing their shares. Title to shares represented by such warrants will pass by delivery of such warrants.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

Kent Gordis**	Grande Coudre Celigny Vaud, Switzerland	Vice-President	President, International Scientific Systems Limited (a computer service company)
Richard Hammerman	26 Kingston House South Ennismore Gardens London S.W.7 England	Director	President, The International Life Insurance Company (U.K.) Ltd.

I.O.S., LTD.

SALES AND SALES ADMINISTRATION

- INVESTORS OVERSEAS SERVICES LIMITED, Bahamas (Principal sales subsidiary)
- INTERNATIONAL OVERSEAS SERVICES PTY. LTD., Australia
- INVESTORS OVERSEAS SERVICES (STERLING) LIMITED, Bahamas
- I.O.S. OF CANADA LTD., Canada
- INVESTORS OVERSEAS SERVICES (U.K.) LIMITED, England
- ALTERSINVEST BERATUNGSGESELLSCHAFT FÜR ANLAGEPLANUNG UND ALTERVERSORGUNG GmbH, Germany
- INVESTORS OVERSEAS SERVICES (H.K.) LIMITED, Hong Kong
- FIDUCIARIA EUROPEA-AMERICANA, S.p.A. (FIDEURAM), Italy
- INVESTORS OVERSEAS SERVICES (MIDDLE EAST) S.A.L., Lebanon
- INVESTORS OVERSEAS SERVICES IOS (LUXEMBOURG) S.A., Luxembourg
- SERVICIO DE INVERSIONISTAS DE ULTRAMAR, S.A. (SIUSA), Mexico
- INVESTORS OVERSEAS SERVICES IN DEUTSCHLAND GmbH, Germany
- INVESTORS OVERSEAS SERVICES IN WIEN Ges. mbH, Austria
- AGENCIA DE INVESTORS OVERSEAS SERVICES DE PANAMA, S.A., Panama
- SOCIETE D'INFORMATION I.O.S. (S.A.), Switzerland
- OTHER COMPANIES (Inactive or in various stages of organization)

FUND MANAGEMENT

- INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED, Canada—77% (Owner of the following companies):
  - FOF MANAGEMENT COMPANY LIMITED, England (Investment Advisor to The Fund of Funds, Limited)
  - I.I.T. MANAGEMENT COMPANY, S.A., Luxembourg (Investment Advisor to IIT, an International Investment Trust)
  - CANADIAN FUND MANAGEMENT COMPANY LIMITED, England (Investment Advisor to I.O.S. Regent Fund Ltd.)
  - FONDITALIA MANAGEMENT COMPANY S.A., Luxembourg (Investment Advisor to Fonditalia)
  - VENTURE MANAGEMENT COMPANY LIMITED, Bahamas (Investment Advisor to IOS Venture Fund (International) N.V.)
  - IPI MANAGEMENT COMPANY LIMITED, England (Investment Advisor to Investment Properties International, Limited)
  - INVESTORS FONDS KAPITALANLAGEGESELLSCHAFT mbH, Germany—99% (Investment Advisor to Investors Fonds)
- IOS DEVELOPMENT COMPANY LIMITED, England (Owner of the following companies):
  - I.O.S. STERLING MANAGEMENT COMPANY LIMITED, Bahamas (Investment Advisor to The Fund of Funds Sterling Limited)
  - I.V.M. INVEST MANAGEMENT COMPANY LIMITED, Bahamas (Investment Advisor to I.V.M. Invest. N.V.)
- I.O.S. MANAGEMENT COMPANY LIMITED, Bahamas (Investment Advisor to I.O.S. Venture Fund Ltd.)
- REGENT FUND ADVISERS (1963) LTD., Canada (Sub-advisor to I.O.S. Regent Fund Ltd., and to I.O.S. Venture Fund Ltd.)
- OTHER COMPANIES (Managing non-public funds or in various stages of organization)

INSURANCE

- IOS INSURANCE HOLDINGS LTD., Canada—78% (Owner of the following companies):
  - THE INTERNATIONAL LIFE INSURANCE COMPANY S.A., Luxembourg
  - THE INTERNATIONAL LIFE INSURANCE COMPANY (U.K.) LIMITED, England
  - THE INTERNATIONAL LIFE INSURANCE COMPANY (MALTA) LIMITED, Malta
  - THE INTERNATIONAL REINSURANCE COMPANY LIMITED, Bahamas
  - "I.V.M." (DE INTERNATIONALE VERZEKERING MAATSCHAPPIJ) N.V., Netherlands

BANKING AND FINANCIAL COMPANIES

- IOS FINANCIAL HOLDINGS LIMITED, England (Owner of the following companies):
  - OVERSEAS DEVELOPMENT BANK, Switzerland
  - ORBIS BANK GmbH, Germany—90%
  - INVESTORS BANK LUXEMBOURG, S.A., Luxembourg
  - INVESTORS OVERSEAS BANK LIMITED, Bahamas
  - IOS ACCEPTANCE COMPANY LIMITED, Bahamas
  - FINANCIAL INSTITUTION MANAGEMENT N.V., Netherlands Antilles
  - IOS ENTERPRISES LIMITED, England
  - OVERSEAS DEVELOPMENT BANK (BAHAMAS) LIMITED, Bahamas
  - OVERSEAS DEVELOPMENT BANK (STERLING) LIMITED, Bahamas
  - BANCA PROVINCIALE DI DEPOSITI E SCONTI S.p.A., Italy—96%

REAL ESTATE

- IOS REAL ESTATE HOLDINGS LIMITED, England (Owner of the following companies):
  - INVESTORS DEVELOPMENT CORPORATION LIMITED, Bahamas
  - PROPERTY MANAGEMENT S.A., Spain
  - PROPERTY MANAGEMENT LIMITED, Bahamas
  - INDEVCO MANAGEMENT CORPORATION, N.V., Netherlands Antilles
  - IOS ENGINEERING AND CONSTRUCTION COMPANY LIMITED, Bahamas
  - OTHER COMPANIES (Inactive or in various stages of organization)

ADMINISTRATIVE

- IOS ADMINISTRATIVE S.A., Switzerland
- SERVICES ADMINISTRATIFS I.O.S. FRANCE S.A., France

OTHER COMPANIES

- I.I.T. MANAGEMENT COMPANY LIMITED, Bahamas (Publisher of investment advisory service)
- INTERNATIONAL SCIENTIFIC SYSTEMS LIMITED, Bahamas (Computer Service Company)
- THE WEEKLY TRIBUNE, S.A., Switzerland (Publisher of an English language weekly newspaper)
- FRONTIERS PUBLISHING COMPANY LIMITED, Bahamas (General Publisher)

17.

REGISTRAR

The registrar for the Common Shares in the capital of the Company is Montreal Trust Company, 15 King Street West, Toronto, Ontario.

18.

AUDITORS

The auditors of the Company are Arthur Andersen & Co., public accountants, Beatengasse 9, 8001, Zurich, Switzerland.

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FINANCIAL STATEMENTS AND STATISTICAL INFORMATION

The financial statements and statistical information contained herein have been taken from the records of the companies concerned. Except in the case of I.O.S. Regent Fund Ltd. and Regent Fund Advisers (1963) Ltd., the information contained in all such records, unless otherwise indicated, is stated in terms of U.S. dollars and, for the purposes of this prospectus, unless otherwise indicated, U.S. dollar amounts have been converted into Canadian dollars on the basis of $1.00 U.S. being the equivalent of $1.08125 Canadian.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

THE COMPANY

History of the Company's Business

The business now carried on by I.O.S., Ltd. (the "Company") was founded in Paris, France in 1956 by Mr. Bernard Cornfeld and at that time consisted of the distribution in Europe of shares of several United States mutual funds. In 1958, the executive offices of the business were moved to Geneva, Switzerland. On April 30, 1960, the business was transferred to I.O.S., Ltd. (S.A.) (the "Predecessor Company"), a Panamanian company all the shares of which were then owned by Mr. Cornfeld. In the brief span of 13 years the Company has expanded to the extent that the Company and its over 80 subsidiaries ("The IOS Group") now employ more than 3,000 executive and administrative personnel and retain more than 13,000 sales associates to service their more than 750,000 mutual fund investors, real estate clients, bank customers and insurance policy holders.

In 1961, the Predecessor Company sponsored its first mutual fund, a unit investment trust known as IIT designed to accommodate an international clientele. A year later, a second mutual fund named The Fund of Funds, Limited was incorporated by the Predecessor Company for the purpose of investing solely in securities of other mutual funds and mutual fund management companies. In 1963, the Predecessor Company assumed control and management of Regent Fund Ltd., then a small Canadian mutual fund. Since 1963, the Predecessor Company has sponsored seven new mutual funds, with the result that at August 31, 1969, the Company's business included the management of the investments and the distribution of the shares of ten mutual funds whose net assets totalled $1,845,021,000.

In 1962, the Predecessor Company entered the insurance field with the incorporation of The International Life Insurance Company S.A., a company whose principal purpose was the issue of life insurance insuring the completion of mutual fund share purchase programs sold by the Predecessor Company. The following year, The International Life Insurance Company (U.K.) Limited was formed to offer The Dover Plan, an equity-linked term life insurance policy, and to carry on a general life insurance business. In 1968, The International Reinsurance Company Limited was incorporated for the purpose of providing re-insurance facilities to the other insurance subsidiaries of the Predecessor Company. At June 30, 1969, the insurance branch of the Company's business had policies in force in the amount of $1,122,939,000.

In 1964, the Predecessor Company commenced its banking operations with the purchase of 75% of the shares of Overseas Development Bank, then a small Swiss bank. During the period from 1964 to the present, eleven other banks or financial subsidiaries were established or acquired. At June 30, 1969, the assets of Overseas Development Bank (now a wholly-owned subsidiary) totalled $85,224,000 and the aggregate assets of the banking branch of the Company's business amounted to $180,235,000.

In 1966, the Predecessor Company, through Investors Development Corporation Limited, commenced the development, promotion and distribution of real estate. Since 1966, Investors Development Corporation Limited, either directly or through subsidiaries, has promoted and sold large condominium apartment complexes located in Spain and Florida and has initiated a program for the development and sale of other real estate projects in Florida and Germany.

Pursuant to a written agreement of exchange dated June 20, 1969, the Company purchased all the assets (except for $216,250 cash) of the Predecessor Company at book value for a consideration consisting of 6,118,695 shares of the Company and the assumption by the Company of all liabilities of the Predecessor Company. Subsequent to June 20, 1969 and prior to the date hereof, all of the 6,118,695 shares of the Company issued to the Predecessor Company as aforesaid were distributed by the Predecessor Company to its shareholders. As a result of this distribution and the issue of various supplementary letters patent to the Company (particulars of which are set out immediately below under the heading "Corporate Details of the Company"), all of the issued and outstanding shares of the Company consisting of 43,674,156 preferred shares of the par value of 25¢ (United States currency) each and 5,392,000 common shares of the par value of 25¢ (United States currency) each are held by persons who were shareholders of the Predecessor Company. Of the said 43,674,156 preferred shares, 35,778,092 are subject to the restrictions of The IOS Stock Option Plan, details of which are set out under the heading "The IOS Stock Option Plan" on page 24 of this prospectus. The net tangible asset value per share of the Company after the issue by the Company of 5,600,000 common shares as described under the heading "Other Offerings" will be $2.21.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

Corporate Details of the Company

The Company was incorporated under the name Dalmar Ltd. under the laws of Canada by letters patent dated January 28, 1953. By supplementary letters patent dated April 28, 1969, the name of the Company was changed to I.O.S. Holdings Ltd., the objects of the Company were varied and the authorized capital of the Company was changed and increased to $20,000,000 divided into 20,000,000 shares of the par value of $1 each. By supplementary letters patent dated June 27, 1969, the name of the Company was changed to its present form and the authorized capital of the Company was changed and increased to $40,000,000 by subdividing the then authorized 20,000,000 shares into 40,000,000 shares of the par value of $1 each. On September 19, 1969, supplementary letters patent were issued to the Company under which (i) 1,348,000 issued shares of the Company were classified as and subdivided into 5,392,000 common shares of the par value of 25¢ (United States currency) each, (ii) the remaining issued shares of the Company were classified as and subdivided into 43,674,156 preferred shares of the par value of 25¢ (United States currency) each, (iii) all the unissued shares of the Company were classified as and subdivided into 110,933,844 common shares of the par value of 25¢ (United States currency) each and (iv) an additional 31,325,844 preferred shares of the par value of 25¢ (United States currency) each and an additional 33,674,156 common shares of the par value of 25¢ (United States currency) each were created.

The head office of the Company is located at 800 Dorchester Boulevard West, Montreal, Canada and the principal executive and administrative offices of the Company are at 119, rue de Lausanne, Geneva, Switzerland.

The Company's Present Business

GENERAL

During the past 13 years, the Company's management has made it possible for more than 750,000 people, most of them "first time investors", to participate in the growth and prosperity of the free world's economy by creating, distributing and managing investment vehicles tailored to the needs of international investors. The IOS Group is an international sales and service organization principally engaged in the sale and management of mutual funds and other complementary financial activities including: (a) investment and commercial banking providing, amongst other services, financial services in connection with the purchase and ownership of mutual fund shares; (b) sales and management of real estate investments and properties; and (c) sales of life insurance, principally of equity related policies and mutual fund program completion life insurance. The IOS Group thus makes available to the public the widest range of financial services offered through any single corporate structure. The total assets of the investment companies (including Investment Properties International, Limited and The Equity Unit Account) managed by The IOS Group have risen from $129,391,000 at December 31, 1964 to $2,077,897,000 at August 31, 1969. Each division of The IOS Group's business is conducted through a principal subsidiary whose function is the supervision and management of that division's activities.

Consolidated net income of the Predecessor Company increased from $1,820,000 in 1964 to $15,537,000 in 1968. For the six month period ended June 30, 1969, consolidated net income was $10,295,000 (unaudited). The Company's third quarter net income (excluding performance fees from proprietary funds) has historically been less than the average of the first two quarters. Preliminary results indicate that net income for July declined from the monthly average net income for the first six months of 1969 and it is expected that a decrease will also occur in the third quarter. This decrease is primarily attributable to a decline in proceeds from the sale of mutual funds and other investment products during summer holiday months, accompanied by the seasonally high costs of major sales and management conferences and a continuing level of administrative expenses. Fourth quarter results in 1967 and 1968 were significantly better than results for any of the preceding quarters in those years.

While activities of The IOS Group's principal divisions have significant interrelationships, the percentage contribution to consolidated net income of each of these divisions considered separately for the five years ended December 31, 1968 and the six month periods ended June 30, 1968 and 1969 appears below:

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

	Year Ended December 31					Six Months Ended June 30	
	1964	1965	1966	1967	1968	1968	1969
Management and sale of mutual funds and related income*	97%	95%	81%	43%	52%	37%	37%
Banking	—	2	16	30	29	33	46
Real Estate	—	—	(4)	21	12	17	8
Insurance	3	3	7	6	7	13	9
TOTAL	100%	100%	100%	100%	100%	100%	100%

*Excludes activities of Investors Planning Corporation. See Note 5 of Notes to Consolidated Financial Statements on page 46 hereof.

MUTUAL FUND SALES

Investors Overseas Services Limited, a wholly-owned subsidiary of the Company, is responsible for the sale, through more than 13,000 sales managers, supervisors and associates in over 180 regional sales, administrative and information offices, of shares of mutual funds and equity-linked life insurance policies. Sales growth has been concentrated in shares and insurance policies issued by mutual funds and insurance companies managed by the Company. Sales volume of Company-managed products and mutual funds, sales volume of shares of mutual funds managed by others and total sales volume of mutual funds and equity-linked life insurance for each of the past five years and the first six months of 1968 and 1969 were as follows:

Face Amount (rounded to the nearest hundred thousand dollars)			
Year	IOS-managed products	Other products	Total
1964	$ 255,200,000	$ 62,600,000	$ 317,800,000
1965	581,700,000	77,900,000	659,600,000
1966	1,092,100,000	60,300,000	1,152,400,000
1967	919,600,000	268,641,000	1,188,241,000
1st 6 months 1968	812,800,000	24,400,000	837,200,000
1968	1,468,800,000	291,757,000	1,760,557,000
1st 6 months 1969	1,363,200,000	36,305,000	1,399,505,000

The sales personnel of The IOS Group are self employed associates remunerated solely on a commission basis. Advancement is on a basis of personal performance and the performance of associates under supervision. As a result, all sales associates are concerned with recruitment and training of new associates for the sales organization. The growth of the sales organization of The IOS Group is illustrated by the following table:

As of	Number of managers	Number of supervisors	Number of sales associates	Total sales personnel
December 31, 1964	80	412	1,732	2,224
1965	176	820	3,280	4,276
1966	270	1,500	4,600	6,370
1967	621	1,157	5,637	7,415
1968	930	1,597	6,536	9,063
June 30, 1969	1,176	2,241	9,850	13,267

Sales of mutual fund shares and equity-linked life insurance policies are largely effected through ***The IOS Investment Program,*** a computer-oriented custodial bookkeeping service offering investors the opportunity to make their purchases under one of the following three types of Programs:

Fully Paid Program—a lump sum investment.

Capital Accumulation Program ("CAP")—a 10 or 15-year Program for monthly investments.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

Capital Accumulation Program with Insurance Protection ("CAPINS")—a Capital Accumulation Program with the addition of term-life insurance protection for the completion of the Program in the event that the insured should die before all payments on the Program are made.

All administrative processing and bookkeeping in connection with The IOS Investment Program is effected through the facilities of the Company maintained in Ferney-Voltaire, France, Munich, Germany and Nyon, Switzerland. These facilities employ over 1,300 people and utilize modern computer processing techniques which enable the Company to generate a confirmation of each client investment in one of four languages within two days of receipt. The Company employs an IBM 360-40 installation in this connection and has contracted for the installation of an IBM 360-65, which will greatly increase the capacity of the data processing facilities. Processing for The International Life Insurance Company (U.K.) Limited's insurance operation is conducted at its facilities in Wembley, England. In addition, two regional centers have been established to pre-process client's investments and inquiries before transmission to the computer facilities in the Geneva area, and other centers are planned.

In certain areas shares of Company-managed mutual funds are distributed otherwise than under The IOS Investment Program pursuant to programs and procedures designed to meet applicable local regulations. Rights, services and charges are substantially identical to those under The IOS Investment Program, and client remittances and the custody of resulting shares are handled by subsidiary companies and unaffiliated banks which are authorized under applicable local law to perform these functions.

The following table shows the approximate geographic distribution of sales of fully paid and capital accumulation programs (face amount) during 1967 and 1968:

	Programs sold during 1967	Programs sold during 1968
Europe		
West Germany	31%	39%
Italy	1	10
United Kingdom	9	9
Holland	2	2
Other	4	4
Sub total	47%	64%
Latin America and Caribbean	13	9
Africa	9	7
Canada	8	6
Far East	10	6
Near East	5	3
Other	8	5
TOTAL	100%	100%

The table includes sales of equity-linked life insurance policies and shares of mutual funds not managed by the Company.

Indications so far in the year 1969 are that the trends indicated by the increasing percentages of sales in West Germany and Italy and the decreasing percentages of sales in "Latin America and Caribbean", the "Near East" and "Other" are continuing. The Company is, however, unable to predict whether such trends will continue in the future in view of the many factors (including government regulations, economic forces and the Company's own plans for developing new markets for its products) which may affect the volume and relative proportion of sales of managed funds in various countries.

The following table sets forth certain statistical information concerning sales results of mutual funds sold under The IOS Investment Program for the two years and six months ended June 30, 1969.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

Year ended	End of Period: Total net assets	Unpaid amounts on capital accumulation programs (1)	During Period: Face amount sold under all mutual fund programs	Face amount redeemed (1)(2)	Total cash invested(2)	Cash redemptions	Net cash to funds
12/31/67	$ 938,881,000	$1,290,487,000	$1,188,241,000	$222,364,000	$315,081,000	$171,708,000	$143,373,000
12/31/68	1,629,491,000	1,946,993,000	1,760,557,000	216,943,000	679,209,000	172,130,000	507,079,000
Six months ended							
6/30/69	1,876,334,000	2,548,998,000	1,399,505,000	144,813,000	653,365,000	120,328,000	533,037,000

1. Includes CAPS and CAPINS but excludes letters of intent.

2. Reflects amounts credited to investors' accounts after deduction of sales commissions and administrative charges.

3. At June 30, 1969, $471,425,000 representing 18.5% of the unpaid amounts under then-existing capital accumulation programs were considered behind their payment schedule. An account is considered behind schedule: (a) when the first 12 months' payments have not been completed, if the client has not made a payment for three months and is more than three months behind in his scheduled payments and (b) when the first 12 months' or more payments have been completed, if the client has not made a payment for six months and is more than six months behind in his scheduled payments.

The principal wholly-owned sales subsidiaries are:

I.O.S. of Canada Ltd., a company which distributes shares of I.O.S. Regent Fund Ltd. and I.O.S. Venture Fund Ltd. solely in Canada;

Investors Overseas Services (U.K.) Limited, a company which distributes a complete line of life insurance policies issued by The International Life Insurance Company (U.K.) Limited (a 78%-owned subsidiary of the Company), including The Dover Plan, an equity-linked term life insurance policy. Its sales activities are limited to the United Kingdom;

Investors Overseas Services (Sterling) Limited, a company which distributes The Dover Plan and shares of The Fund of Funds Sterling Limited to residents of the Sterling Area outside the United Kingdom; and

Fiduciaria Europea Americana, S.p.A. ("Fideuram"), a company which is licensed to conduct the business of a fiduciary company and to effect the purchase (and maintain the custody) of foreign securities on behalf of Italian residents. Fideuram, through its sales representatives and under a distributorship agreement with Investors Overseas Services Limited, distributes shares of Fonditalia (a Company-managed mutual fund) in Italy. Fideuram maintains executive and administrative offices in two locations in Rome.

In addition to the subsidiaries of the Company listed above, Investors Overseas Services Limited has a series of subsidiaries and affiliates which render sales, informational and administrative services at over 200 offices in various countries to support the distribution of the Company's products. Although these subsidiaries and affiliates are generally of limited size and significance in relation to The IOS Group, three deserve special mention. They are:

Investors Overseas Services in Deutschland GmbH, a company which handles the public relations affairs of the Company, prepares and distributes sales literature and provides general services in support of sales representatives of Investors Overseas Services Limited in Germany. This Company maintains offices in Munich and Bonn, Germany;

Société d'Information I.O.S. (S.A.), a company which provides literature, information and client services to clients residing in Switzerland and in connection with the sale of shares of Company-sponsored mutual funds through banks in Switzerland. This company maintains offices in Geneva and Zurich; and

Investors Overseas Services (H.K.) Limited, a company which distributes sales literature and provides promotional support to sales representatives of Investors Overseas Services Limited throughout the Far East. This company maintains offices in Hong Kong.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

MUTUAL FUND MANAGEMENT

The Company, through eleven subsidiaries, provides management services to the ten mutual funds and one closed-end investment company sponsored by the Company as well as to the Equity Unit Account of The Dover Plan (described on page 17 hereof). In general, the Company has voting or management control of the mutual funds which it manages and accordingly has the power to ensure the continuation of management and other contractual arrangements between the Company and such mutual funds. Of these eleven subsidiaries, seven are directly owned by ***Investors Overseas Services Management Limited*** (***"IOS Management"***), a company approximately 77% of the outstanding shares of which are owned by the Company. IOS Management has the right to purchase the shares of any company owned by the Company or any of its subsidiaries (other than shares of companies acting as portfolio advisers to proprietary fund accounts of F.O.F. Proprietary Funds, Ltd., a wholly-owned subsidiary of The Fund of Funds, Limited described on page 13 hereof) which manages a mutual fund whose net assets are valued at $50,000,000 or more. This purchase right entitles IOS Management to acquire all the outstanding shares of the four wholly-owned mutual fund management subsidiaries when in each case the value of the assets of the managed fund reaches $50,000,000.

The total net assets of the open-end mutual funds managed by the Company and of the Equity Unit Account of The Dover Plan, as well as their respective total and per share net asset values (which have not been reduced by the distribution of dividends) as at the dates listed below are as follows:

	December 31,					August 31,
	1964	1965	1966	1967	1968	1969
Total Net Assets under Management (000's)[1]	$129,391	$366,544	$565,214	$938,881	$1,629,491	$1,969,772[2]
Fund (year organized or acquired)						
The Fund of Funds, Limited (1962)						
Total (000's)	$120,363	$342,569	$460,871	$667,995	$ 861,976	$ 731,102
Per Share	15.35	19.53	18.82	26.09	29.12	23.51
IIT, an International Investment Trust (1960)						
Total (000's)	$ 8,722	$ 19,217	$ 80,119	$200,577	$ 512,541	$ 673,830
Per Share	5.02	7.00	7.24	9.64	11.04	9.47
IOS Venture Fund (International) N.V. (1969)						
Total (000's)	$ —	$ —	$ —	$ —	$ —	$ 148,345
Per Share	—	—	—	—	—	10.12
Fonditalia (1967)						
Total (000's)	$ —	$ —	$ —	$ —	$ 61,665	$ 136,879
Per Share	—	—	—	—	12.12	12.43
The Equity Unit Account of The Dover Plan[3] (1963)						
Total (000's)	$ 1,574	$ 8,304	$ 21,798	$ 52,170	$ 119,427	$ 124,751
Per Share	13.40	16.42	15.86	24.77	34.89	26.88
I.O.S. Regent Fund Ltd. (1963)						
Total (000's)	$ 304	$ 2,159	$ 7,915	$ 27,403	$ 67,882	$ 76,444
Per Share	6.95	8.18	7.18	10.52	12.40	10.61
Investors Fonds (1968)						
Total (000's)	$ —	$ —	$ —	$ —	$ 14,640	$ 53,476
Per Share	—	—	—	—	6.25	6.42
The Fund of Funds Sterling Limited (1965)						
Total (000's)	$ —	$ 2,598	$ 16,310	$ 29,535	$ 45,088	$ 38,973[4]
Per Share	—	2.60	2.50	4.05	6.06	4.65
I.O.S. Venture Fund Ltd. (1968)						
Total (000's)	$ —	$ —	$ —	$ —	$ —	$ 31,600
Per Share	—	—	—	—	—	4.56
I.V.M. Invest N.V. (1969)						
Total (000's)	$ —	$ —	$ —	$ —	$ —	$ 1,374
Per Share	—	—	—	—	—	3.32
Svenska Internationella Investmentfonden[5] (1969)						
Total (000's)	$ —	$ —	$ —	$ —	$ —	$ 945
Per Share	—	—	—	—	—	9.87

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

(1) Total net assets under management are less than the sum of the net assets of the separate funds listed because a portion of the net assets of The Equity Unit Account and I.V.M. Invest N.V. are invested in other Company-managed funds.

(2) Includes approximately $140,000,000 of securities and other investments which are not readily marketable.

(3) The Equity Unit Account is not a mutual fund, but consists of assets under the management of the Company. At August 31, 1969, approximately 27% of these assets was invested in The Fund of Funds Sterling Limited and approximately 4% in The Fund of Funds, Limited and IOS Venture Fund International N.V.

(4) Total assets include $33,858,000 held for The Equity Unit Account.

(5) Agreements have been concluded between Investment Planering AB and the Company pursuant to which the Company will provide investment advice, sales support and technical assistance in the management, administration and sale of Svenska Internationella Investmentfonden.

Details of the various management subsidiaries and the fees to which they are entitled are as follows:

FOF Management Company Limited (**"*FOF Management*"**), a wholly-owned subsidiary of IOS Management, serves as investment advisor to and manager of The Fund of Funds, Limited ("FOF"). FOF Management receives a monthly management fee of 1/24th of 1% per month (½ of 1% per annum) calculated on the basis of the average daily value of the net assets of FOF for each month. FOF, an open-end mutual fund, was incorporated in 1962 and was the second of the IOS-sponsored mutual funds. The following table illustrates the growth of FOF during the two years and six months ended June 30, 1969:

	End of Period			During Period				
Year ended	Net asset value per share	Total net assets	Unpaid amounts on capital accumulation programs(1)	Face amount of investment programs sold(1)	Face amount of investment programs redeemed (1)(2)	Total cash invested(3)	Cash redemptions	Net cash to fund
12/31/67	$26.09	$667,995,000	$801,825,000	$413,263,000	$170,706,000	$172,721,000	$143,753,000	$ 28,968,000
12/31/68	29.12	861,976,000	874,960,000	349,895,000	135,659,000	224,631,000	122,288,000	102,343,000
Six months ended								
6/30/69	23.59	731,035,000	862,546,000	130,161,000	77,199,000	103,265,000	65,468,000	37,797,000

1. Includes CAPS and CAPINS but excludes letters of intent.
2. Represents original program amounts and excludes fluctuations in program values.
3. Reflects amounts credited to investors' accounts after deduction of sales commissions and administrative charges.
4. At June 30, 1969, $320,121,000, representing 28.8% of the unpaid amounts of capital accumulation programs were considered behind their payment schedule. An account is considered behind schedule: (a) when the first 12 months' payments have not been completed, if the client has not made a payment for three months and is more than three months behind in his scheduled payments and (b) when the first 12 months' or more payments have been completed, if the client has not made a payment for six months and is more than six months behind in his scheduled payments.

I.I.T. Management Company, S.A. (**"*IIT Management*"**), also a wholly-owned subsidiary of IOS Management, manages and administers the affairs of IIT, an open-end mutual fund organized as a unit trust in 1961 as the first of the IOS-sponsored mutual funds. For its services IIT Management receives a monthly management fee of 1/12th of 1% (1% per annum) of the average daily value of the net assets of IIT for each month. The following table illustrates the growth of IIT during the two years and six months ended June 30, 1969:

	End of Period			During Period				
Year ended	Net asset value per share	Total net assets	Unpaid amounts on capital accumulation programs(1)	Face amount of investment programs sold(1)	Face amount of investment programs redeemed (1)(2)	Total cash invested(3)	Cash redemptions	Net cash to fund
12/31/67	$ 9.64	$200,577,000	$309,323,000	$323,808,000	$27,786,000	$106,843,000	$23,489,000	$ 83,354,000
12/31/68	11.04	512,541,000	735,698,000	752,162,000	42,878,000	300,405,000	39,609,000	260,796,000
Six months ended								
6/30/69	9.72	641,280,000	1,061,653,000	615,194,000	38,465,000	239,016,000	33,938,000	205,078,000

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

1. Includes CAPS and CAPINS but excludes letters of intent.
2. Represents original program amounts and excludes fluctuations in program values.
3. Reflects amounts credited to investors' accounts after deduction of sales commissions and administrative charges.
4. At June 30, 1969, $122,588,000, representing 11.5% of the unpaid amounts of capital accumulation programs were considered behind their payment schedule. For a definition of "behind their payment schedule", see note 4 to the immediately preceding table relating to FOF.

Canadian Fund Management Company Limited (***"Canadian Management"***) is a wholly-owned subsidiary of IOS Management and acts as investment advisor to I.O.S. Regent Fund Ltd., an open-end mutual fund distributed in Canada. Canadian Management receives a monthly fee for its services equal to 1/24th of 1% (½ of 1% per annum) of the average daily value of the net assets of I.O.S. Regent Fund Ltd. for each month. The following table illustrates the growth of I.O.S. Regent Fund Ltd. during the two years and six months ended June 30, 1969:

	End of Period			During Period				
Year ended	Net asset value per share	Total net assets	Unpaid amounts on capital accumulation programs(1)	Face amount of investment programs sold(1)	Face amount of investment programs redeemed (1)(2)	Total cash invested(3)	Cash redemptions	Net cash to fund
12/31/67	$10.52	$27,403,000	$ 69,058,000	$ 78,228,000	$12,545,000	$18,946,000	$3,767,000	$15,179,000
12/31/68	12.40	67,882,000	132,972,000	122,019,000	18,937,000	37,089,000	6,427,000	30,662,000
Six months ended								
6/30/69	10.63	72,877,000	164,938,000	55,375,000	11,920,000	27,209,000	9,005,000	18,204,000

1. Includes CAPS and CAPINS but excludes letters of intent.
2. Represents original program amounts and excludes fluctuations in program values.
3. Reflects amounts credited to investors' accounts after deduction of sales commissions and administrative charges.
4. At June 30, 1969, $27,797,000, representing 16.9% of the unpaid amounts of capital accumulation programs were considered behind their payment schedule. For a definition of "behind their payment schedule", see note 4 to the next-to-last preceding table relating to FOF.

Fonditalia Management Company S.A. (***"Fonditalia Management"***), a wholly-owned subsidiary of IOS Management, manages and administers the affairs of Fonditalia, an open-end mutual fund organized as a unit trust in 1967 as the first of the Company's national funds. Fonditalia Management receives from Fonditalia a monthly fee equal to 1/12th of 1% (1% per annum) of the value of the net assets of Fonditalia on the last business day of each month. Fonditalia was first distributed to the public in December of 1967 and on December 31, 1967, the value of the net assets of Fonditalia was $1,392,000. On June 30, 1969, the value of such net assets was $120,778,000. Unpaid amounts on existing Capital Accumulation Programs for the acquisition of shares of Fonditalia totalled $137,587,000 as at June 30, 1969.

Venture Management Company Limited (***"Venture Management"***), also a wholly-owned subsidiary of IOS Management, serves as investment advisor to IOS Venture Fund (International) N.V., an open-end mutual fund organized in February of 1969. Venture Management is entitled to receive for its services a monthly fixed fee of 1/12th of 1% (1% per annum) of the average daily value of the net assets of IOS Venture Fund (International) N.V. for each month plus a quarterly incentive fee. The Company has agreed with Venture Management and IOS Management to bear the cost of certain administrative and advisory services in consideration of the assignment by Venture Management to the Company of the said quarterly incentive fees. At the end of the 45 day initial subscription period (April 30, 1969), the value of the net assets of IOS Venture Fund (International) N.V. was $97,100,000 and on June 30, 1969 the value of such net assets was $128,524,000.

Investors Fonds Kapitalanlagegesellschaft mbH (***"Investors Fonds KAG"***), a 99%-owned subsidiary of IOS Management, manages and administers the affairs of Investors Fonds, an open-end mutual fund organized in March of 1968. For its services Investors Fonds KAG receives a monthly management fee equal to 1/24th of 1% (½ of 1% per annum) of the average daily value of the net assets of Investors Fonds. Pursuant to approval received from appropriate German authorities, the management fee will be increased to 1% per annum. At June 30, 1969, the value of the net assets of Investors Fonds was $32,369,500.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

***I.O.S. Sterling Management Company Limited* (*"Sterling Management"*)**, a wholly-owned subsidiary of IOS Development Company Limited ("IOS Development"), serves as investment advisor to The Fund of Funds Sterling Limited ("FOF Sterling") and receives a quarterly fixed fee equal to ⅛th of 1% (½ of 1% per annum) of the average daily value of the net assets of FOF Sterling for each quarter plus a quarterly performance fee of 10% of the net realized and unrealized capital gains and interest and dividend income of FOF Sterling after deducting certain expenses of FOF Sterling. Sterling Management pays certain fees to individual merchant banks and investment counselors who provide investment research, advice and trading recommendations. On December 31, 1965, the value of the net assets of FOF Sterling was $2,598,000. On June 30, 1969 the value of such net assets was $39,273,000. Sterling Management also acts as an investment advisor to The Equity Unit Account of The Dover Plan (described on page 17 hereof) with respect to all Equity Unit Account investments in securities other than shares of FOF and The Fund of Funds Sterling Limited. As at June 30, 1969, such investments amounted to $78,534,000.

***I.V.M. Invest Management Company Limited* (*"IVM Management"*)**, a wholly-owned subsidiary of the Company, manages I.V.M. Invest N.V. ("IVM Invest"), an investment company which was organized under the laws of the Netherlands Antilles in March of 1969 and which currently serves solely as the investment vehicle for equity units of insurance policies issued by "I.V.M." (De Internationale Verzekering Maatschappij) N.V., a new Dutch insurance subsidiary of the Company. These policies are currently sold only in Holland and the Netherlands Antilles. IVM Invest's assets are principally invested in securities in Holland. IVM Management manages the direct securities investments of IVM Invest (representing approximately 76% of IVM Invest's assets) for a fixed fee equal to 1/24th of 1% per month (½ of 1% per annum) of the net assets of IVM Invest directly invested and a quarterly incentive fee equal to the amount, if any, by which 10% of all net realized and unrealized capital gains, dividend and interest income exceeds the fixed monthly fees paid. If, at the end of any calendar quarter, there are net realized and unrealized capital losses, such capital losses are carried forward to succeeding quarters in computing the quarterly incentive fee. IVM Management receives no fee for the remaining 24% of IVM Invest's assets which are invested in other Company-managed funds. The management agreement is of indefinite duration, but may be terminated by either party on three months' notice. The Company is the holder of the voting shares of IVM Invest. At June 30, 1969, the net assets of IVM Invest were $972,000

***I.O.S. Management Company Limited* (*"IOS Venture Management"*)**, a wholly-owned subsidiary of the Company, serves as investment advisor to I.O.S. Venture Fund Ltd. ("Venture Fund"), an open-end mutual fund distributed in Canada which was organized in October of 1968. As compensation for its services, IOS Venture Management receives a monthly fee equal to 1/12th of 1% (1% per annum) of the average daily value of the net assets of Venture Fund for each month. At the end of the 30-day initial offering period (March 21, 1969), the value of the net assets of Venture Fund was $14,082,000. As at June 30, 1969, the value of the net assets of Venture Fund was $27,610,000.

***IOS Growth Fund Management Limited* (*"Growth Management"*)**, a wholly-owned subsidiary of the Company, has agreed to act as investment advisor to IOS Growth Fund Limited ("Growth Fund"), an open-end mutual fund which will be distributed initially in Germany. For its services, Growth Management will receive a monthly management fee equal to 1/24th of 1% (½ of 1% per annum) of the average daily value of the net assets of Growth Fund for each month plus a quarterly incentive fee.

Svenska Internationella Investmentfonden. The Company has concluded an agreement with Investment Planering AB to provide investment advice and technical assistance in the management and administration of Interfond, an open-end mutual fund organized under the laws of Sweden. Interfond's assets are currently invested in Sweden. Pursuant to various service contracts, the Company receives the equivalent of approximately 50% of the management fee paid by Interfond to Investment Planering AB. For its services Investment Planering AB receives, from Interfond, a monthly fixed fee of 1/24th of 1% (½ of 1% per annum) of the net assets of Interfond, and a quarterly incentive fee equal to the amount, if any, by which 10% of all net realized and unrealized capital gains, dividend and interest income net of certain expenses exceeds the fixed monthly fees paid. If, at the end of any calendar quarter, there are net realized and unrealized capital losses, such capital losses are carried forward to succeeding quarters in computing the quarterly incentive fees. Interfond is sold only in Sweden under the Interfond Investment Program. At July 31, 1969, the value of the net assets of Interfond was $897,000.

Rothschild-Expansion. The Company has concluded an agreement with Banque Rothschild S.A., Paris, to provide portfolio management and technical assistance in the sale, management and administration of Rothschild-Expansion, a French SICAV (mutual fund). Prior to this agreement, the Company had not engaged in mutual fund sales or management activities in France. Pursuant to this agreement, the Company will share the net proceeds from the management fee paid by the SICAV. The Company will also actively assist in sales to the public in France and will undertake sales in French overseas territories and countries belonging to the French franc zone.

To date, the three fund operations last mentioned above have not been material to the operation of the Company.

F.O.F. Proprietary Funds Ltd. (*"**FOF Prop**"*) is a wholly-owned subsidiary of FOF. At June 30, 1969 approximately 89% of the net assets of FOF were invested in FOF Prop. The assets of FOF Prop are divided into seventeen fund accounts, each of which is managed by one of six wholly-owned Bahamian subsidiaries of the Company. Pursuant to separate investment advisory agreements with FOF Prop, each of these subsidiaries receives investment advisory fees on a calendar quarter basis based on the investment performance of the particular fund account. In respect of thirteen of the fund accounts, the managing subsidiaries have appointed unaffiliated sub-advisors to render investment advice to such subsidiaries.

The following table shows for 1968 and the first six months of 1969 the gross advisory fees paid by FOF Prop to the Company, the amount paid by the Company to the sub-advisors and the net amount retained by the Company.

	Year ended December 31, 1968	Six months ended June 30, 1969
Gross fees to Company	$9,115,000	$934,000
Fees paid sub-advisors	3,843,000	687,000
Net fees retained by Company	5,272,000	247,000

Beginning in 1967, FOF Prop made its portfolio securities available for loan to member firms of recognized stock exchanges. Gross interest income amounting to $3,078,000 was earned through December 31, 1968 by FOF Prop from the investment of cash collateral for such loans. FOF Prop paid to Financial Institutions Management Company Limited, a wholly-owned subsidiary of the Company, $698,000 for advice and recommendations in connection with such securities lending activities. As of December 31, 1968, the agreement between FOF Prop and Financial Institutions Management Company Limited was terminated and FOF Prop entered into a contractual arrangement with Financial Institution Management N.V. ("FIM"), a wholly-owned subsidiary of IOS Financial Holdings Limited (described on page 15 hereof), whereby FOF Prop has agreed to make its portfolio securities available to FIM so that FIM may conduct for its own account a stock loan business. As compensation, FIM has agreed to pay FOF Prop a yearly fee equal to the greater of

(i) 4.05% per annum of the average outstanding balances of the securities loaned by FIM, computed on a month-end basis, or

(ii) 54% of the prime rate of interest prevailing at The Bank of New York in the City of New York on the average outstanding balances of securities loaned by FIM, computed on a month-end basis.

For the six month period ended June 30, 1969, FIM received $1,576,000 in gross interest income from lending FOF Prop securities, of which $930,000 was accrued for fees payable to FOF Prop.

COMMERCIAL AND INVESTMENT BANKING

IOS Financial Holdings Limited (*"**Financial Holdings**"*), a company incorporated on March 29, 1968, is a wholly-owned subsidiary of the Company and acts as a holding company through which the Company's commercial and investment banking operations are conducted. With the exception of one bank which acts as custodian to a Company-managed fund (pursuant to local legal requirements), subsidiary banks do not make loans to or accept deposits from Company-managed investment funds or their respective management companies. At June 30, 1969, Financial Holdings and subsidiaries had a net worth of $18,926,000 and held deposits by customers and unaffiliated banks of $109,287,000. Consolidated net income for the year ended December 31, 1968 was $3,685,000 and for the six month period ended June 30, 1969 was $4,762,000, as compared to $1,473,000 for the comparable period in 1968. The activities of Financial Holdings are carried on through the following major subsidiaries:

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

Commercial Banking

Overseas Development Bank **("*ODB*")**, the principal commercial bank of The IOS Group, is a Swiss bank which offers a complete range of commercial banking services to the public through its head office and registered branch office in Geneva and its two registered branch offices in Luxembourg and London. At June 30, 1969, ODB held deposits of nearly $56,000,000 for over 30,000 depositors. The schedule below demonstrates on a yearly basis relevant facts concerning ODB's growth:

Rounded to the nearest hundred dollars. Converted from Swiss Francs on basis 1 Swiss Franc=$0.25145 Canadian.						
	December 31, 1964	December 31, 1965	December 31, 1966	December 31, 1967	December 31, 1968	June 30, 1969
Capital and Reserves as of	$ 756,900	$ 1,547,900	$ 2,745,100	$ 2,926,700	$ 6,149,600	$ 9,742,000
Net Income (after taxes) for year (6 months) ended.	36,100	36,800	191,400	231,800	662,000	1,145,000
Total Assets as of........	4,675,800	12,096,900	25,609,500	31,150,000	64,765,800	85,224,000
Number of Depositors as of.....................	450	3,800	9,100	11,900	16,900	30,000

Orbis Bank GmbH **("*Orbis*")**, a German bank, is a 90%-owned subsidiary of the Company licensed to transact business as a bank in Germany and is a member of the Munich Stock Exchange. It maintains its principal office in Munich and branch offices in Cologne, Dusseldorf and Frankfurt. Organized in the spring of 1968, Orbis offers a variety of commercial banking services. However, to the present time, Orbis' principal revenues have been derived from currency exchange commissions arising on the conversion of Deutsche Marks into dollars in connection with mutual fund sales in Germany. The net income for the year ended December 31, 1968 was $5,400, and for the first six months of 1969 was $183,802.

Banca Provinciale di Depositi e Sconti S.p.A. **("*Probanca*")**, a 96% owned subsidiary acquired by the Company for $6,162,000 in May of 1969, is a full-service Italian bank with its principal office in Milan and branch offices in Turin and Vigevano and is a member of the Milan Stock Exchange. At June 30, 1969, Probanca held deposits of approximately $20,420,000 from customers and unaffiliated banks.

Overseas Development Bank (Bahamas) Limited and ***Overseas Development Bank (Sterling) Limited***, banks which may in the future offer the normal complement of commercial banking services, have had limited activities to date. The principal activities of each have consisted of the maintenance of securities safekeeping and fiduciary accounts and the purchase and sale of marketable securities as principal.

Investment Banking

Investors Bank Luxembourg, S.A. **("*IBL*")**, a Luxembourg bank, is primarily engaged in Eurodollar underwriting activities. It has acted as lead managing underwriter of five Eurodollar convertible debenture issues since November, 1968, involving over $100,000,000 and has participated as an underwriter in a number of other offerings. In addition to these activities, IBL accepts time deposits and deposit accounts from the public. The schedule below reflects the growth of IBL during the last three years:

Rounded to the nearest hundred dollars. Converted from Luxembourg Francs on basis 1 Luxembourg Franc=$0.0216 Canadian.				
	December 31, 1966	December 31, 1967	December 31, 1968	June 30, 1969
Capital and Reserves as of......	$ 114,500	$ 124,200	$ 413,400	$ 448,000
Total Assets as of..............	5,421,900	6,009,300	6,883,900	7,045,000
Net Income for year (6 months) ended......................	5,200	10,300	71,360	62,700

Investors Overseas Bank Limited ("***IOB***") is licensed as a private bank under Bahamian law. In accordance with the terms of its license, IOB engages in a variety of investment banking activities. IOB has: participated (usually with IBL as co-underwriter) in various Euro-dollar securities underwritings; acted

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as investment banker in arranging a number of private placements; received soliciting dealer fees in tender and exchange offers accepted by Company-managed funds; and, as an approved overseas representative of a London Stock Exchange member firm, shared in customary brokerage commissions arising from transactions of certain Company-managed mutual funds on The Stock Exchange, London.

Other

IOS Acceptance Company Limited engages in the financing of margin loans for owners of shares of IOS-sponsored mutual funds and the refinancing thereof with various unaffiliated banks. On June 30, 1969 the amount of such loans outstanding was $35,080,000. These collateralized loans are rediscounted with ODB and unaffiliated banks on a revolving credit basis.

Financial Institution Management N.V. is engaged in arranging and servicing stock loan transactions with securities owned by FOF Prop. Particulars of these transactions are set out on page 13 hereof.

REAL ESTATE SALES AND MANAGEMENT

All the real estate and related activities of the Company are conducted by subsidiaries of ***IOS Real Estate Holdings Limited*** (***"Real Estate Holdings"***), a wholly-owned subsidiary of the Company.

Promotional and Sales Activity

The Company's real estate promotional and sales operations are conducted through ***Investors Development Corporation Limited*** (***"Indevco"***), which is engaged in the location, creation, advertising, sales promotion, development and sales of real estate projects. Indevco has trained a group of real estate specialists who work in close association with the Company's sales organization in selling the real estate products offered by the Company. To date, these products have been in the form of condominium apartments, houses and parcels of land which have been sold through the Company's sales force almost entirely outside of the United States, primarily to non-United States persons, and have been marketed principally as investments.

Indevco's principal source of revenue has been commissions derived from the sale of condominium apartments in Playamar in Torremolinos, Spain, and in The Hemispheres in Hallandale, Florida.

Playamar is located on the Costa del Sol and when completed will consist of 21 fifteen storey buildings, containing a total of 973 apartments, two clubs, swimming pools and related facilities. Indevco started selling the apartments in 1966 and exercised substantial control in overall project development. At June 30, 1969, nine of the 21 buildings had been completed; 315 of the 973 apartments were occupied or available for occupancy and 840 apartments out of a total of 877 apartments available for sale had been sold by Indevco.

The Hemispheres is located in Hallandale, Florida, and when completed will consist of 1,295 condominium apartments located in three 23-storey buildings and one 19-storey building, with a beach club, marina and other attendant facilities. At June 30, 1969 the four buildings were in the process of construction, and 1,024 apartments had been sold by Indevco. The apartments range in price from $16,500 to $83,300.

To date, Indevco has been able to sell apartments successfully in the projects it has marketed prior to their completion and in some cases at very early stages of construction. For this reason, and because of the relatively long construction period in Spain during which sales could be concentrated, cash received from customers was sufficient to cover construction costs without outside financing. An analogous situation is developing with The Hemispheres, but it is anticipated that some financing will be received from Investment Properties International, Limited, the parent company of the developer of The Hemispheres, due to the shorter construction period in the United States.

In both of these projects, the Company conceived and created the product marketed. The cost of the location of sites, and advertising, rental, marketing and promotional expenses are borne by Indevco out of its sales commissions.

In the Playamar project, Indevco realized net income of 12.9% of the sale price of the units sold. From The Hemispheres project, the Company's net income is projected to be in the same percentage range.

Indevco's real estate marketing activities have been undertaken in conjunction with the ownership investment activities of Investment Properties International, Limited (whose initial real property investments were formerly held by the Real Estate Growth Fund account of FOF Prop). It is anticipated that this relationship will continue, although the interest of Investment Properties International, Limited in future developments may be as a joint venturer with other investors. Currently, projects for condominium

apartments for the retired in Hamburg and Munich are in preparation as well as another condominium project in Florida.

Indevco's net income for the six months ended June 30, 1969 was $921,200, as compared to $948,300 for the comparable period in 1968.

Real Estate Management and Resale

Since the apartments are sold principally as investments to absentee owners, subsidiaries of Real Estate Holdings offer to manage the apartments for the owners for a fee equal to 10% of the rent received.

In Spain, ***Property Management S.A.*** and ***Property Management Limited*** provide resale, rental and maintenance services for the apartments at Playamar. To facilitate the provision of these services, Real Estate Holdings has entered into a management agreement with a major European travel agent and management organization. ***Indevco Management Corporation, N.V.*** makes similar facilities available in Florida. Indevco will also act as agent for the owner in case of resales at a commission of 10% of gross resale price.

Real Estate Investment

On June 20, 1969, the Company offered to the public shares of ***Investment Properties International, Limited*** **("*IPI*")**, a closed-end investment company and the Company's first investment product which was not a vehicle for investment in marketable securities. IPI received $108,125,000 in net proceeds. Of this offering, approximately 84% was distributed through the Company's sales organization, 6% was sold through a banking group headed by Investors Overseas Bank Limited and Investors Bank Luxembourg, and the remaining 10% represented the consideration (in shares of IPI) received by the Real Estate Growth Fund account of FOF Prop for the sale of the real property previously held by it to IPI. Each share of IPI entitles the holder thereof to a stock purchase warrant, which may be exercised from January 2, 1971 through December 31, 1974. If fully exercised, the warrants will result in additional equity to IPI, ranging from $116,892,000 to $169,493,000, depending on the date of exercise. IPI is an Ontario (Canada) corporation which at July 31, 1969, had 8% of its assets invested in various properties located in the United States, 3% outside of the United States, and the remaining 89% in cash and short term money market obligations. IPI intends to invest a substantial portion of its assets in the acquisition and construction of deluxe hotels throughout the free world. To facilitate these plans, the Company has entered into a joint venture agreement with a major United States hotel organization under which IPI will provide construction capital and the joint venturer will provide management of the completed hotel.

IPI is managed by ***IPI Management Company Limited*** **("*IPI Management*")**, a wholly-owned subsidiary of IOS Management. For managing IPI, IPI Management receives a fixed fee equal to 1/24th of 1% per month (½ of 1% per annum) of the net amount invested on original issues of shares of IPI and an incentive fee paid semi-annually equal to the total of 10% of (i) all net realized gains on the sale of capital assets other than securities, (ii) all net realized and unrealized securities gains, (iii) all net interest and dividend income and (iv) the tax-free cash flow to IPI available for distribution to shareholders by reason of operation of real properties or mortgage refinancings. The net amount invested on the original issue of shares of IPI was $108,125,000. No incentive fee is paid with respect to net realized or unrealized securities or capital gains during any semi-annual period until any previous net realized and unrealized securities or capital losses have been fully offset. Neither IPI Management nor any of its affiliates charges any real estate brokerage to IPI, and IPI Management uses its best efforts to keep to an absolute minimum real estate brokerage fees which might otherwise be payable by IPI to third persons in connection with the acquisition or disposition of properties. However, to the extent that the price paid by IPI or proceeds received by IPI may not be adversely affected, affiliates of IPI Management may share in usual and customary real estate brokerage paid by persons selling properties to or acquiring properties from IPI. The Company has agreed with IPI Management to bear the cost of certain administrative and advisory services in consideration of the assignment by IPI Management to the Company of the said semi-annual incentive fee.

Engineering and Construction

Real Estate Holdings has recently established a wholly-owned subsidiary, ***The IOS Engineering and Construction Company Limited,*** to supervise, on a contractual basis, the construction of the various real estate products marketed by Indevco, or owned and constructed by IPI or its affiliates. Currently, the new subsidiary is supervising the construction of an office building in Kenya, on behalf of The Equity Unit

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Account, and providing advisory services on the construction at Playamar, The Hemispheres and the apartments for the retired in Germany.

LIFE INSURANCE AND REINSURANCE

IOS Insurance Holdings Ltd. (***"Insurance Holdings"***) is a non-resident Canadian company which, through its subsidiaries, conducts all life insurance and re-insurance activities of the Company. Approximately 78% of the shares of Insurance Holdings is owned by the Company, the balance being owned by persons who are not affiliated with the Company other than through directorships in the insurance group and through ownership of shares of the Company. The major subsidiaries of Insurance Holdings are as follows:

The International Life Insurance Company S.A. (***"ILI/LUX"***) is a Luxembourg company which engages primarily in the issue of program completion life insurance with respect to Capital Accumulation Programs for the acquisition of shares of mutual funds sold by the Company. The following chart shows the growth in the volume of such insurance issued over the past 5 years:

Rounded to the nearest thousand dollars						
	Year ended December 31,					Six months ended June 30,
	1964	1965	1966	1967	1968	1969
New Insurance Issued	$ 91,186,000	$140,879,000	$195,827,000	$201,391,000	$248,972,000	$109,467,000
New Lives Insured...	7,393	11,869	15,932	16,215	20,200	7,627
Insurance in Force (at end of period).....	$127,229,000	$225,118,000	$321,955,000	$335,080,000	$442,085,000	$461,754,000
Lives Insured (at end of period).........	9,334	17,209	25,423	32,791	39,468	41,572

The International Life Insurance Company (U.K.) Limited (***"ILI/UK"***) is an English company which offers life, term life, group life and endowment life insurance policies and additionally issues The Dover Plan, a ten-year life insurance policy under which the amount payable is partially dependent on the value of a portfolio of equity investments owned by ILI/UK and managed by Sterling Management. ILI/UK provides administrative services for the IOS insurance group at computer facilities maintained at Wembley, England, where more than 600 executive and administrative personnel are employed. ILI/UK proposes to expand its activities into Canada.

The various policies offered by ILI/UK are issued primarily to residents of the United Kingdom, but are also actively promoted in other countries in the Sterling Area. ILI/UK was formed in April, 1963 and its growth is shown in the following table:

Rounded to the nearest thousand dollars						
	Year ended December 31,					Six months ended June 30,
	1964	1965	1966	1967	1968	1969
New Insurance Issued	$6,892,000	$43,560,000	$ 93,031,000	$130,323,000	$201,893,000	$203,048,000
New Lives Insured...	2,800	13,988	21,200	25,008	37,309	34,168
Insurance in Force (at end of period).....	$8,434,000	$49,969,000	$153,105,000	$266,325,000	$488,211,000	$654,252,000
Lives Insured (at end of period).........	2,911	12,357	30,400	46,089	74,723	101,493

"I.V.M." (De Internationale Verzekering Maatschappij) N.V. (***"IVM"***) is qualified to do business as a life insurance company in Holland. IVM's major product is a term-life, equity-linked insurance policy similar to The Dover Plan offered by ILI/UK.

The International Reinsurance Company Limited, a Bahamian company, provides reinsurance services to all the Company's insurance subsidiaries.

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DEVELOPMENT AND EXPANSION PROGRAM

The continuing policy of The IOS Group is the development of existing financial services to its customers and the addition of other related or complementary businesses. Currently, within the mutual fund sales and management, commercial and investment banking, real estate sales and management and life insurance activities of the Group, the following programs are being pursued:

(a) Planning of national mutual funds specifically designed for the countries in which they are to be sold. National funds are planned for Australia, France, the United Kingdom and South America;

(b) Planning of specialized investment companies. Investment Properties International, Limited, initially offered on June 20, 1969 as part of this development program, is designed to take advantage of growth situations in income producing real estate. An IOS natural resources fund is also in prospect;

(c) The provision of investment management services to institutional, pension fund and other large investment portfolios. The first of such programs has been initiated with the formation of a company in England;

(d) Expansion of the Group's insurance and banking activities, which has already resulted in the formation of "I.V.M." (De Internationale Verzekering Maatschappij) N.V. (Holland), the acquisition of a 33⅓% interest in the Swiss General Insurance Company (Australia) and the acquisition of Banca Provinciale di Depositi e Sconti S.p.A. (Italy); and

(e) Development and sale of new real estate projects. The first, planned for the near future, is a condominium community of 175 acres called "The Waterways" to be developed on a joint-venture basis in Florida. The second consists of the development of two 450-unit retirement communities in Hamburg and Munich, Germany. The third is the coordination of a joint-venture arrangement with a major United States hotel management firm with respect to hotel projects outside the continental United States.

IOS Development Company Limited (***"IOS Development"***) is responsible for implementing this growth-oriented policy of The IOS Group and is also responsible for investigating and establishing new lines of activities. In 1967, the present management and personnel of IOS Development organized Fonditalia, believed to be the first mutual fund designed expressly to meet the legal and economic requirements for mass distribution in the Republic of Italy. Fonditalia Management, the investment manager for Fonditalia, was formerly a subsidiary of IOS Development. In November of 1968, IOS Development sold all the shares of Fonditalia Management to IOS Management.

The present management of IOS Development also established Investors Fonds and Investors Fonds KAG (described on page 11 hereof). In addition, Sterling Management (described on page 12 hereof) and IVM Management (described on page 12 hereof) are wholly-owned subsidiaries of IOS Development.

THE IOS FOUNDATION

The IOS Foundation, supported by The IOS Group, its employees and associates, is dedicated to the development of humanitarian projects throughout the world.

Projects receiving IOS Foundation support have ranged from a village for emotionally disturbed children in Canada to a home for the handicapped in Malta; from literacy campaigns in Iran and Italy to a school for retarded children in South America and an institute for the deaf in Africa; from a center for the children of working mothers in Bolivia to a school for the children of Karen tribesmen in a remote mountain region of northern Thailand.

The Company intends to continue its previous policy of making contributions to the IOS Foundation.

OTHER ACTIVITIES OF THE IOS GROUP

In addition to its business operations described above, the Company is also engaged in the publication of an English language weekly newspaper in Geneva and a monthly business magazine, the publication and sale of an investment advisory service to private subscribers and the development and operation of a wide variety of computer programs. In addition, a corporation has been established to engage in business related to the communications field. To date, none of these activities has significantly contributed to operating results.

Description of Properties

The location as at July 31, 1969 of the principal properties, including buildings and plants, of the Company and its subsidiaries were as follows:

Location and Description	Owned or Leased	Annual Rental	Expiration Date of Leases	Approximate Gross Area in square feet
Geneva, Switzerland				
Executive Offices (1): 119, rue de Lausanne and adjoining premises at 2-4 Avenue Sécheron	Leased	$111,115	1975	50,300
Administrative Offices: 16, Chemin de la Voie Creuse	Leased	$79,553	1972	29,446
Conference and training facilities: Bella Vista	Owned			9,688
Banking Offices (2): 40 & 23, rue du Rhône 121, rue de Lausanne	Leased	$145,421	1972-74	29,063
Nyon, Switzerland (3) Data Processing Facility	Leased	$30,174	1972	21,528
Ferney-Voltaire, France (4) Administrative Offices	Owned			172,224
England				
Executive offices of ILI/UK: Park House, Park Street, London W.1	Leased	$28,545	1978	4,792
Portland House, Stag Place, London S.W.1	Leased	$238,740	2058	22,714
Administrative Offices: Wembley Park, Middlesex	Leased	$158,314	2009	110,770
Canada				
Administrative and Sales Offices:				
Montreal	Leased	$104,714	1975-77	20,513
Toronto	Leased	$39,669	1974	12,527
Luxembourg (5)				
Banking Office: 19, rue Glesener	Leased	$5,709	1971	3,444
Germany				
Administrative Offices of I.O.S. in Deutschland GmbH:				
Munich	Leased	$79,702	1970-71	42,298
Bad Godesberg	Leased	$14,597	1971	1,829
Banking Offices:				
Munich	Leased	$16,057	1972	8,124
Frankfurt	Leased	$29,826	1974	3,067
Dusseldorf	Leased	$13,345	1972	2,604
Pre-processing				
Munich	Leased	$104,601	1972	32,280
Italy				
Administrative Office of Fideuram:				
Rome	Leased	$65,956	1970-74	35,648
Banking Office:				
Milan	Owned			16,140

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

1. The Company has an option to purchase control of a company owning the building at 119, rue de Lausanne and 2-4 Avenue de Secheron. The Company has leased 22,154 square feet of space for additional executive offices in a new building at 143, 145 and 147, rue de Lausanne. Occupancy is scheduled for October 1969. In addition, the Company is constructing a new office building at 1 Avenue de la Paix adjacent to the new rue de Lausanne leased space. At estimated completion in September 1970, the building will have 60,924 square feet of gross space.
2. ODB is presently negotiating the purchase of property on the Quai Wilson in Geneva. It is contemplated that a new bank building will be housed on this site.
3. The Company has contracted for the construction of a new data processing center in Nyon. First stages of this building are scheduled for completion beginning October 1970.
4. See note 6 of "Notes to Consolidated Financial Statements" regarding the life of the buildings. Construction has begun on a permanent building, estimated to be completed in 1972.
5. The Company has contracted for the purchase of a building on 18, Avenue de la Liberté, Luxembourg. The building has 12,917 square feet of gross space and its cost is approximately $324,000. The anticipated occupancy is spring 1970.

The Company's present executive offices in Geneva and its data processing center in Nyon are located in former residential apartment complexes which have been converted into business facilities. The completion of the new buildings described in the footnotes above should make the Company's administrative operations more efficient and convenient by centralizing facilities which are now at different locations in and around the city of Geneva.

REGULATORY FRAMEWORK OF CONDUCT OF BUSINESS

Mutual Funds

Each mutual fund managed by The IOS Group is exposed to applicable governmental regulation in the country of organization and in each country in which it is sold. If permitted by the exchange control, corporate and related regulations, The IOS Group attempts to offer to investors in each country shares of a mutual fund organized in a jurisdiction which (1) permits investors to redeem fund shares in a freely convertible currency, (2) permits the fund to make portfolio investments with maximum flexibility free of exchange control restrictions or limitations, (3) permits regular and capital gain income to accumulate in the fund for the benefit of investors free of tax and (4) permits the fund to redeem its shares on demand by investors and pay the proceeds to the investor free of withholding tax. Local exchange control, corporate and related regulations make it impossible to offer such a fund in all countries.

IOS Development Company Limited, a wholly-owned subsidiary of the Company, heads The IOS Group's continuing efforts to develop mutual fund and other financial products which can be made available to fulfil the needs of investors living in other countries. For example, Fonditalia is organized for sale in Italy and its policy, in accordance with current Italian law, is to invest 50% of its assets in Italian securities. As a condition of distribution in Italy, it is also obliged to invest only in securities listed on specified stock exchanges. It is available for sale in Italy under a local equivalent of The IOS Investment Program, in conformity with Italian exchange control regulations, on a basis which permits the proceeds on redemption of shares beneficially owned by Italian residents to be converted from United States dollars to Italian lira by licensed foreign exchange banks.

The Company's continuing efforts to develop mutual fund and mutual fund-like investments structured to conform to the particular tax, exchange control or other requirements of particular countries or groups of countries have proceeded at an accelerating rate: The Dover Plan (1963); FOF Sterling (1965); Fonditalia (1967); Investor Fonds (1968); IVM (1969); and as technical advisors to others, Interfond (1969) and Rothschild-Expansion (1969). The Company expects that this national fund development will continue to provide important additions to its geographical areas of operations.

Varying local regulations affect the manner in which Company-managed mutual funds may be distributed. For example in some countries Company-managed mutual funds may be distributed only through banks or their representatives or may not be sold by sales associates who have not secured an appointment with prospective clients in advance.

The regulatory framework in which the mutual funds managed by The IOS Group are distributed and operated is subject to change. Recently, new laws have been enacted in West Germany which regulate the distribution of mutual funds organized other than under the laws of West Germany and affect the tax treat-

ment of gains realized by German residents who hold shares of such funds. The Company does not anticipate that this will adversely affect its operations in Germany. All mutual funds managed by The IOS Group except FOF are registrable for future sale in Germany under the new regulatory provisions. The tax aspects of the new laws will cause all or a portion of dividend and interest realized by a foreign mutual fund to be taxed to a German holder of mutual fund shares whether distributed by the fund to the holder or not. Under previous laws, Germans holding German mutual funds were subject to tax on fund net dividend and interest income while holders of non-distributing foreign funds were not. The Company has organized a new mutual fund, IOS Growth Fund Limited, based on the principle of competitively managed separate portfolios with separate portfolio advisors compensated on a performance basis. The new fund will not invest in other funds and will thus qualify in Germany for future distribution. Existing German holders of capital accumulation programs for the acquisition of shares of FOF will be offered the opportunity to complete their programs by acquiring shares of the new fund. To protect existing German shareholders of FOF from some disadvantage in tax treatment to which they might be subject under the tax provisions of the new laws, they will be offered the opportunity, without charge, to substitute shares of this new fund for the shares of FOF held for them under The IOS Investment Program.

While regulatory restrictions vary widely from country to country, the above described types of regulations are those which represent the most substantial limitations on flexibility of operations of the Company's mutual fund business.

Insurance

The conduct of an insurance company and the distribution of insurance policies are highly regulated activities. All of The IOS Group's operating insurance subsidiaries are subject to varied regulation by competent governmental authority in the jurisdiction of organization. The distribution of insurance policies is also affected in the countries where sold by the availability, under local exchange control regulations, of currency convertible into the currency of the issuer to pay the premium and by restrictions or licensing requirements on the sale of insurance policies (particularly life) by foreign companies.

ILI/UK is itself a resident of the sterling area and can therefore receive premium payments not only from residents of the United Kingdom, but from residents of other sterling area countries which do not impose restrictions on sterling movements within the sterling area. Additionally, ILI/UK has been able to accept premium payments from some countries in the sterling area which impose such restrictions on condition that compensating investments are made locally. Under the treatment afforded United Kingdom insurance companies under licensing regulations of some other countries of the sterling area, ILI/UK has been able to qualify to issue life policies in such countries.

ILI/LUX can generally accept premium payments free of exchange control in any country where The IOS Investment Program can be offered against direct payment in a freely convertible currency. However, local prohibitions against the sale of life policies by foreign issuers or other licensing requirements limit the distribution of ILI/LUX policies even in many such countries. In some such countries The IOS Group utilizes its sales force to distribute CAPINS coverage provided by local issuers or term policies of local issuers under arrangements by which all or part of the risk is reinsured with one of The IOS Group's insurance subsidiaries.

To overcome the restrictions imposed on the distribution of policies of foreign insurance companies, The IOS Group has recently begun the organization and development of local life insurance companies. A fully licensed Dutch insurance company was organized in 1969 as the first of these. This is a program analogous to national fund development in the mutual fund operations of The IOS Group and is expected to continue at an accelerated rate in the future.

United States Securities Business

In May of 1965, the United States Securities and Exchange Commission (the "SEC") instituted a private investigation of the affairs and activities of the Predecessor Company. In the following months the SEC requested, and the Predecessor Company supplied, extensive documents and exhibits setting forth detailed information concerning the affairs and activities of the Predecessor Company. However, in the course of its private investigation, the SEC had demanded that the Predecessor Company provide to the SEC a full listing of investors in FOF and IIT, together with a detailing of their individual accounts. The Predecessor

Company refused to comply with such demand, contending that the SEC lacked jurisdiction as to the sales of securities occurring wholly outside the United States and contending further that the Predecessor Company was precluded from giving such information by applicable laws requiring that such information be kept in the strictest confidence, as well as by the custom of most countries wherein the Predecessor Company had sold such securities.

In December of 1965, the Predecessor Company brought suit against the SEC in the United States District Court for the District of Puerto Rico, alleging a lack of jurisdiction on the part of the SEC and seeking a Declaratory Judgment that the Predecessor Company be permitted to withdraw from registration as a broker-dealer under the United States Securities Exchange Act of 1934. (Such registration had been effected by the Predecessor Company "under protest" in 1960.) In addition, a preliminary injunction was sought from the Court against any continuation of the SEC's private investigation until a final determination of the issues was made by the Court.

In February 1966, the SEC issued an Order for public hearings. In such Order allegations were made concerning violations of provisions of the United States Securities Exchange Act of 1934 and the Investment Company Act of 1940 by the Predecessor Company and six associated individuals. The public hearings called for a presentation of evidence concerning such alleged violations and a determination as to whether a revocation of the Predecessor Company's broker-dealer registration was "in the public interest". The preliminary injunction requested by the Predecessor Company against the SEC was denied by the Federal District Court and an appeal from such denial was filed with the United States Court of Appeals for the First Circuit. While such appeal was pending, before any trial of the issues involved in the suit by the Predecessor Company against the SEC and before any public hearings were held pursuant to the SEC Order, and after months of protracted negotiations and discussions between the Predecessor Company's representatives and the staff of the SEC, the Predecessor Company submitted an Offer of Settlement to the SEC and the SEC issued (on May 23, 1967) an Order accepting the Predecessor Company's Offer of Settlement.

The SEC Order contained no findings of fact or violations of law. Pursuant to the Order: (a) the Predecessor Company was permitted to withdraw its registration as a broker-dealer; (b) the Predecessor Company agreed that it would not engage thereafter in the offering or sale of securities to United States citizens or residents, wherever located, with the exception of officers, directors and persons associated with the Predecessor Company on a full time basis; (c) the Predecessor Company disposed of its entire interest in Investors Planning Corporation ("IPC") on a basis acceptable to the SEC; (d) the Predecessor Company agreed to refrain from future activities falling within the jurisdiction of the SEC; (e) the Predecessor Company agreed to cause the future investments of FOF in securities of United States investment companies to come within such percentage limitations as are applicable to United States investment companies seeking to make such investments and (f) the Predecessor Company has taken a series of steps intended to secure compliance with the terms of the Order, and to accomplish a severance of activities within the jurisdiction of the SEC.

On August 15, 1969 the Company, without admitting certain alleged violations of the registration provisions of United States securities laws (arising from the sale of 40,000 shares of Revenue Properties Corporation stock on the American Stock Exchange), consented to the issuance of a court order enjoining sales of unregistered shares in the United States.

Prior to the sale of its business, IPC engaged in certain reciprocal commission and commission sharing arrangements, the propriety of which has been questioned by the SEC. For more than a year, the SEC has warned that it might institute one or more administrative proceedings against certain stock exchange member firms, IPC and individuals connected with IPC. Since the Predecessor Company controlled IPC during the period involved, the SEC has indicated that a proceeding might be directed against the Predecessor Company and its principal officers, on the theory that they failed to supervise adequately the activities of IPC. The Company has been advised by its United States counsel that in the opinion of such counsel, the reciprocal commission and commission sharing practices engaged in by IPC were in accordance with then applicable law, and any action based on them would be without merit.

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TAX STATUS OF THE COMPANY AND ITS SUBSIDIARIES

General

The Company, as a non-resident Canadian company[1], pays no income taxes in Canada. The Company's subsidiaries pay taxes to the jurisdictions in which they were incorporated or in which they operate to the extent that they are subject to taxation in such jurisdictions. Briefly, the major operational activities of the Company and its subsidiaries are subject to taxation as follows:

Sales

Investors Overseas Services Limited, a Bahamian company, pays no income taxes nor is any withholding tax imposed on dividends paid by it. Its affiliates, I.O.S. of Canada Ltd. and Investors Overseas Services (U.K.) Limited, are subject to corporate income taxes in Canada and the United Kingdom, respectively and dividends paid by them are subject to withholding taxes imposed by those countries. All profits of Fideuram from the distribution of shares of Fonditalia in Italy are subject to tax at ordinary corporate rates in Italy and when distributed as dividends are subject to an Italian dividend withholding tax.

Fund Management

IOS Management, as a non-resident Canadian company, is not subject to Canadian taxation on its earnings nor are its earnings when distributed as dividends to its shareholders subject to Canadian withholding tax at source. The same is true for its subsidiaries, except that the management fee paid by Regent Fund to Canadian Management is subject to a Canadian withholding tax of 15%. Other management subsidiaries of the Company are not subject to tax on income or dividend distributions, except that (i) Investors Fonds KAG is fully subject to German taxes on both, (ii) Regent Fund Advisers (1963) Ltd. is fully subject to Canadian taxes on both and (iii) the management fee paid by Venture Fund to IOS Venture Management is subject to a Canadian 15% withholding tax.

Real Estate Sales and Management

Real Estate Holdings, as a non-resident English company, is not subject to tax on earnings nor is withholding tax on dividends paid by it deducted at source. Indevco is subject to no income taxes on revenues arising from its direct activities either in real estate or real estate investment management and its distributions to shareholders are free from withholding tax at source. Property Management S.A. is subject to Spanish taxes on income and must deduct Spanish withholding tax from dividends paid. Indevco Management Corporation, N.V. is subject to United States income taxes on the United States source income it receives as rental and management agent for The Hemispheres project.

Banking

Financial Holdings, as a non-resident English company, is not subject to tax on earnings nor is withholding tax on its dividends deducted at source. ODB, Orbis, IBL and Probanca are subject to taxation on earnings and their dividends are subject to withholding tax at normal rates prevailing in Switzerland, Germany, Luxembourg and Italy, respectively. Other subsidiaries of Financial Holdings are not subject to taxes in relation to earnings nor are their dividends subject to withholding tax.

Insurance

Insurance Holdings, as a non-resident Canadian company, is not subject to taxation on its earnings nor are its earnings when distributed to its shareholders subject to withholding tax at source. The taxability of its subsidiary, The International Life Insurance Company S.A., is regulated by a tax convention (expiring in 1971) concluded with the Grand Duchy of Luxembourg whereby corporate taxes on income are paid at an approximate rate of 12½% and dividend distributions are subject to a Luxembourg withholding tax of 9%.

(1) To have non-resident status for Canadian income tax purposes, a Canadian company must have been incorporated before April 27, 1965 and must not have been resident or have carried on business in Canada in any fiscal year of the company ending after April 26, 1965. Such non-resident status is lost if the company's management becomes resident in Canada or if the company carries on business in Canada and once lost, such status cannot be regained. Since such non-resident status is determined on the basis of facts, any opinion of counsel as to non-resident status is necessarily based on such facts as are within the knowledge of counsel and as are believed by counsel to be reliable.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

ILI/UK and IVM are subject to ordinary corporate income tax on earnings and distributions of such earnings as dividends are subject to withholding taxes at the normal rates prevailing in England and Holland, respectively.

Administrative and Service Companies

The Company operates administrative and service companies in France, Germany, Switzerland and other countries. These companies are all subject to tax in their countries of operation.

Swiss Taxes

Although the Company is not subject to tax on earnings in its jurisdiction of incorporation nor are its dividends subject to withholding tax, it is subject to Swiss taxes on income since it maintains its chief executive and administrative offices in Geneva. Pursuant to a tax convention concluded between the competent revenue authorities of the Federal Government of Switzerland and the Cantonal Government of Geneva, the Company has assumed all liability for the Federal or Cantonal taxes related to income which might otherwise be payable by those of its subsidiaries and affiliates (other than ODB) which also maintain their chief executive or administrative offices in Geneva.

Pursuant to this convention, it is estimated that sums payable to the Federal and Cantonal authorities with respect to income on activities of the Company and its subsidiaries and affiliates for 1968 will total approximately $700,000.

THE IOS STOCK OPTION PLAN

From its incorporation in 1960, the Predecessor Company encouraged its officers, directors, employees and sales personnel to participate in the growth of the Predecessor Company through acquisition of its shares under a stock option plan. Pursuant to the said plan, over 80% of the outstanding shares of the Predecessor Company came to be held by such officers, directors, employees and sales personnel. The plan engendered a vital interest amongst such persons in the continued growth of the Predecessor Company and a large part of such growth can be attributed to the incentive afforded by the plan.

The Company has instituted The IOS Stock Option Plan (the "Plan"), a stock option plan which is virtually identical to the plan established by the Predecessor Company. The Plan is administered by The IOS Stock Option Plan Limited ("Plan Limited") and has been approved by the holders of both classes of shares of the Company. Under the Plan, active associates, employees and directors ("Associates") of The IOS Group are entitled to purchase numbers of preferred shares of the Company determined, in the case of sales personnel, by reference to their sales volume and, in the case of administrative and executive personnel, by an option committee composed of senior officers of the Company.

Each purchase by an Associate under the Plan is made at the formula value price in effect at the time such Associate becomes entitled to make such purchase. The formula value price per preferred share of the Company for purposes of the Plan is computed as of the last day of each calendar quarter and remains in effect throughout the following calendar quarter. The Plan provides in effect that the formula value price is the amount obtained by dividing the number of outstanding shares of the Company into the sum of

(i) the net worth of the Company, plus

(ii) net unearned first-year commissions on sales of mutual fund shares made up to the time of computation (assuming a specified delinquency factor), plus

(iii) $500 (U.S.) for each $50,000 (U.S.) of sales made by active Associates prior to the time of computation, with a maximum of $5,000 (U.S.) for any one Associate, plus

(iv) $36 (U.S.) for each $1,000 (U.S.) of Company-managed mutual fund assets, plus

(v) $5 (U.S.) for each $1,000 (U.S.) of Company-issued life insurance in force, plus

(vi) an amount equal to three times the net earnings of The IOS Group for the preceding year from operations other than the mutual fund and life insurance businesses.

The Plan provides that a holder of preferred shares acquired under the Plan may not transfer any of such preferred shares to a third party unless Plan Limited is first given an opportunity to purchase such

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preferred shares at the formula value price then in effect under the Plan. In addition, a holder of preferred shares acquired under the Plan

(i) who has completed 10 years of active association with The IOS Group, or

(ii) who has completed 5 years (commencing prior to September 1, 1969) of active association with The IOS Group and is at least 55 years of age, or

(iii) who has completed 5 years (commencing after September 1, 1969) of active association with The IOS Group and is at least 60 years of age

may, within 30 days following such completion and within 30 days following each anniversary of such completion, elect to convert up to 10% of the preferred shares held by him on such completion into common shares of the Company. A holder of preferred shares under the Plan who is over 60 years of age may in each year convert up to 20% of the preferred shares so held by him on his 60th birthday. Holders of preferred shares who are not subject to the restrictions of the Plan have agreed to accept the same conversion rights as those possessed by persons holding preferred shares under the Plan who have completed 10 years of active association with The IOS Group. Common shares resulting from such a conversion are not subject to any of the provisions of the Plan.

The number of preferred shares held under the Plan by persons who had fulfilled lengths of service required to permit conversion into common shares or held under contractual rights of conversion described above at the relevant annual 10% or 20% rate on September 1, 1969, as adjusted for the September issue of supplementary letters patent to the Company, was approximately 25,000,000. Other than conversion rights afforded by the Plan and such contractual rights of conversion, the Company intends not to exercise its power under the share provisions to permit the conversion of preferred shares to common shares. However, the Company has entered into an agreement with an employee granting him the right to acquire 50,000 preferred shares at the formula value price in effect under the Plan on April 1, 1969. The first third of the preferred shares acquired by the employee under the said agreement may be converted into common shares at any time after December 1, 1969.

All the shares of the Predecessor Company were originally owned by Bernard Cornfeld, and his shares of the Company (other than a limited number acquired by him pursuant to the Plan) are not subject to the terms and conditions of the Plan, including Plan limitations on transferability. From time to time Mr. Cornfeld has transferred certain of the shares of the Predecessor Company owned by him to others, with the consequence that such transferred shares are not subject to the terms and conditions of the Plan.

The percentages of shares of the Predecessor Company and the Company owned by Mr. Cornfeld, holders of unrestricted shares acquired from Mr. Cornfeld and holders of shares subject to the restrictions of the Plan have remained relatively stable during the past five years. Additionally, and largely due to the Predecessor Company's continuing practice of re-purchasing its shares whenever it had the right to do so, the total number of shares of the Predecessor Company outstanding (adjusted for intervening stock splits) remained relatively constant.

The following chart shows, as at the dates indicated, the percentage of the outstanding shares of the Predecessor Company owned by Mr. Cornfeld, the percentage owned by others free from the restrictions imposed by the Predecessor Company's stock option plan, the percentage held subject to the terms and conditions of such plan and the total number of outstanding shares of the Predecessor Company:

Date	Unrestricted owned by Mr. Cornfeld	Unrestricted owned by others	Restricted under Plan	Shares outstanding
December 31, 1965.......	18.7%	3.1%	78.2%	1,580,515
December 31, 1966.......	18.4	3.0	78.6	3,075,676
December 31, 1967.......	18.3	3.0	78.7	6,012,551
December 31, 1968.......	18.2	2.4	79.4	5,950,292

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At the date hereof, the percentage of the outstanding preferred shares of the Company owned by Mr. Cornfeld free from the restrictions imposed by the Plan, the percentage owned by others free from the restrictions imposed by the Plan, the percentage held pursuant to the terms and conditions of the Plan and the total number of outstanding preferred shares of the Company are as follows:

Unrestricted owned by Mr. Cornfeld	Unrestricted owned by others	Restricted under Plan	Total preferred shares outstanding
16.74%	1.34%	81.92%	43,674,156

OPTIONS TO PURCHASE SECURITIES OF THE COMPANY

The only outstanding options to purchase securities of the Company at July 31, 1969 were options to purchase preferred shares of the Company granted pursuant to The IOS Stock Option Plan described on page 24 hereof. The market values of the preferred shares at the dates such options were granted and at July 31, 1969 are not reasonably ascertainable. Details of outstanding options at July 31, 1969 (after giving effect to the supplementary letters patent dated September 19, 1969 referred to under the heading "Corporate Details of the Company" on page 5 hereof) are as follows:

Options held by directors and senior officers of subsidiaries	Options held by other employees of subsidiaries	Options held by others	Option price per share
	40,000		$1.0625
	16,800		1.3025
	11,824		1.44
	3,056		1.51
	30,168		1.7175
	22,816		1.7975
20,000	36,536		2.1725
	96,144	11,200	2.54
	284,560	9,600	3.2375
	43,496		3.6225

PENSION AND PROFIT SHARING PAYMENTS

The Predecessor Company in the past allocated 5% of its net operating profits on a consolidated basis to benefit all salaried administrative and executive personnel of the Company and its subsidiaries. Out of the 5% so allocated, an amount equal to 4% of the gross salary earned by all administrative personnel who received a salary less than $10,000 (U.S.) (or the local currency equivalent) per year was contributed to a Pension Plan for the benefit of such employees. An employee's right to receive the contribution made on his behalf by the Company to the Pension Plan vested according to a schedule of years of service completed; in the event that an employee terminated his association with the Company and any or all of the contribution made with respect to such employee was not vested, such amount reverted to the Pension Plan and was used to reduce the contribution which the Company would otherwise have had to make with respect to other employees. The portion of the 5% of the net profits remaining after the contribution to the Pension Plan was distributed to employees earning in excess of $10,000 (U.S.) in proportion to the salary received during the year when the net profits were earned. The Company intends to continue these practices in the future.

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CAPITALIZATION

I.O.S., Ltd.	Amount authorized	Amount outstanding at June 30, 1969	Amount outstanding at July 31, 1969	Amount to be outstanding if all securities being issued are sold
Shareholders' Investment:				
Shares of the par value of $1 each	40,000,000	12,174,000 ($13,163,000)	12,174,000 ($13,163,000)	—
Preferred shares of the par value of 25¢ (United States currency) each	75,000,000(1)	—	—	43,674,000 ($11,805,000)
Common shares of the par value of 25¢ (United States currency) each	150,000,000(2)	—	—	10,992,000 ($2,971,000)
Consideration received in excess of par value(3)	—	$9,678,000	$9,678,000	$65,575,000
Amounts due on subscriptions for shares	—	($5,184,000)	($5,184,000)	($5,184,000)
Aggregate amount of minority interest in common shares and surplus of consolidated subsidiaries	—	$ 834,000	$ 834,000	$ 834,000
Aggregate amount of minority interest in common shares and surplus of unconsolidated subsidiaries whose financial statements are contained herein	—	$2,385,000	$2,385,000	$ 2,385,000
Investors Overseas Services Management Limited				
Debt:				
5% unsecured convertible debentures due March 15, 1972	$1,000,000	$ 39,000	$ 39,000	$ 39,000

NOTES:

1. Includes an aggregate of 2,272,032 preferred shares reserved for issuance under The IOS Stock Option Plan and options issued in connection with acquisitions.
2. Includes an aggregate of 45,575,400 common shares reserved for future conversions of outstanding and reserved preferred shares.
3. Consideration received in excess of par value, as adjusted, is shown prior to the Company's payment of underwriting commission and management fees in connection with a contemporaneous offering of 5,600,000 common shares of the Company, estimated at $3,482,000.
4. Reference is made to the table under the sub-heading "Description of Properties" on page 19 hereof for information concerning the Company's obligations under certain leases.
5. The table of capitalization excludes external indebtedness for borrowed money of certain unconsolidated subsidiaries. At June 30, 1969, such indebtedness included: (a) $29,662,000 in $6\frac{1}{4}\%$ to $11\frac{1}{4}\%$ revolving loans to a financial subsidiary from unaffiliated banks for collateralized extensions of credit to Company clients to facilitate their purchase and carrying of mutual fund shares; (b) $3,244,000 borrowed by insurance subsidiaries; and (c) $38,529 of 5% convertible subordinated debentures of a management subsidiary due March 15, 1972. In addition, at June 30, 1969, the Company's bank subsidiaries held $80,950,000 in deposits from customers and other banks. The Company has arranged for two lines-of-credit from two unaffiliated banks of $628,600 each at $5\frac{3}{4}\%$ interest in connection with the construction of an office building to be built at 1 avenue de la Paix, Geneva, Switzerland.

The preferred shares are common share equivalents for purposes of determining earnings per share and rank equally with the common shares on a share-for-share basis in the event of liquidation or dissolution of the Company. The preferred shares are issuable only under The IOS Stock Option Plan and are convertible into common shares on a share-for-share basis after certain holding period requirements relating to length of service have been met. Voting and dividend rights vary between the classes to the extent set forth under "Description of Share Capital".

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DIVIDEND POLICY

It is anticipated that no cash dividends will be paid to shareholders of the Company during the next several years but that stock dividends will be declared at least annually. The Company intends to continue the Predecessor Company's practice of frequently subdividing (or splitting) its shares.

The Company's counsel are of the opinion that, as the Company is a non-resident corporation for purposes of the Income Tax Act (Canada) and as more than 50% of the voting shares of the Company belong to non-residents of Canada, a shareholder resident in Canada will not be required to include in his income for Canadian income tax purposes the value of any stock dividends received by him from the Company. No withholding or similar tax is deducted from dividends paid by the Company. Under present Canadian law, a shareholder resident in Canada will not be entitled to a dividend tax credit for Canadian income tax purposes in respect of cash dividends received from the Company.

DESCRIPTION OF SHARE CAPITAL

GENERAL

The authorized capital of the Company consists of 75,000,000 preferred shares of the par value of 25¢ (United States currency) each ("preferred shares") and 150,000,000 common shares of the par value of 25¢ (United States currency) each ("common shares"). Neither class of shares entitles a holder thereof to any pre-emptive rights with respect to the issue of additional securities of the Company and neither class may be redeemed, purchased for cancellation or surrendered. There are no sinking or purchase fund provisions relating to either class of shares of the Company. At the time of delivery of certificates for the common shares offered hereby, such shares will be issued as fully paid and non-assessable.

DIVIDEND, LIQUIDATION AND DISTRIBUTION RIGHTS

The preferred shares and the common shares rank equally with respect to all payments to shareholders of the Company by way of dividend or distribution of assets on the liquidation, dissolution or winding-up of the Company.

The board of directors of the Company may declare dividends payable in cash or shares of the Company. Any dividend declared payable in shares must be paid in common shares on all outstanding shares in the capital of the Company, except that

(i) if such dividend per share would have been equal to at least one common share, such dividend may be paid in preferred shares to the holders of preferred shares and in common shares to the holders of common shares; and

(ii) the board of directors may, in its discretion, grant to the holders of common shares the right to receive, at their option, cash or common shares in satisfaction of any such dividend.

If, on the declaration of a dividend payable in shares of the Company, a shareholder would be entitled to receive a fraction of a share, the Company may, in lieu of issuing such fraction of a share, pay to such shareholder an amount in cash equal to the value of such fraction of a share.

VOTING RIGHTS

The holders of preferred shares and the holders of common shares are entitled to one vote in respect of each share held at all meetings of shareholders of the Company. However, if the Company has in either of the two preceding calendar years paid a cash dividend of at least 1¢ (United States currency) per share or a stock dividend equivalent in value to at least 1¢ (United States currency) per share on each outstanding share of the Company,

(i) the holders of preferred shares, voting separately and as a class, are entitled to elect ⅔ of the directors of the Company, and

(ii) the holders of common shares, voting separately and as a class, are entitled to elect the remaining directors of the Company.

As a result, so long as the Company pays a dividend equal in amount or value to at least 1¢ (United States currency) per share at least once every 2 years, the holders of preferred shares will be entitled to elect ⅔ of the directors of the Company.

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

CONVERSION RIGHTS

The Company may from time to time permit a registered holder of preferred shares to convert a specified number of such preferred shares into common shares on the basis of one common share for each preferred share converted. The Company may not authorize more than 20% of the preferred shares outstanding on January 1 in any year to be converted into common shares in such year.

RESTRICTIVE PROVISIONS

Without the approval of the holders of each class of shares of the Company given in the manner specified in the provisions attaching to such shares,

(i) no additional preferred shares of the Company may be issued except under The IOS Stock Option Plan or as a result of the payment of a stock dividend;

(ii) no new classes of shares may be created,

(iii) none of the provisions attaching to the shares of the Company may be amended,

(iv) none of the shares of the Company may be consolidated, reclassified or changed,

(v) the Company may not voluntarily wind-up or dispose of its assets as an entirety, and

(vi) the Company may not amalgamate or merge with or into any other company.

PLAN OF DISTRIBUTION

Under an agreement made between J. H. Crang & Co. (the "Canadian Underwriter"), the Company and a number of shareholders of the Company (the "Selling Shareholders"), the Canadian Underwriter has agreed to purchase, as principal, and the Selling Shareholders have agreed to sell 1,300,000 of the common shares offered hereby at a price of $9.50 (U.S.) per share. The Canadian Underwriter has also agreed to purchase, as principal, and Investors Overseas Bank Limited ("IOB") has agreed to sell, as agent for the Selling Shareholders, the remaining 150,000 common shares offered hereby at a price of $9.50 (U.S.) per share. The Canadian Underwriter has agreed to offer the said 150,000 common shares in Canada to executives and sales personnel of The IOS Group, to certain investors in mutual funds managed by The IOS Group and to other persons having continuing business relations with The IOS Group. The aggregate purchase price of the said 1,450,000 common shares is payable in cash by the Canadian Underwriter against delivery on or about October 15, 1969.

The obligations of the Canadian Underwriter to take up the said 1,450,000 common shares are subject to fulfilment of certain conditions precedent. The Canadian Underwriter is committed to take up and pay for all the shares which it has agreed to purchase if any of such shares are taken up.

The Canadian Underwriter, together with other investment dealers in Canada, will effect primary distribution of the 1,450,000 common shares hereby offered to the public in Canada at the price set forth on the cover page of this prospectus.

OTHER OFFERINGS

The Selling Shareholders have agreed with IOB that IOB, acting as their agent, will make, or cause to be made, a public offering of 4,192,000 common shares of the Company owned by the Selling Shareholders. Pursuant to such agreement and as indicated above under the heading "Plan of Distribution", IOB has agreed to sell to the Canadian Underwriter 150,000 common shares of the Company owned by the Selling Shareholders. In addition, contemporaneously with the offering of 1,450,000 common shares by the Canadian Underwriter, IOB will offer the remaining 3,942,000 common shares owned by the Selling Shareholders at a price of $10 (U.S.) per share to approximately 25,000 persons outside Canada, including executives and sales personnel of The IOS Group, certain investors in mutual funds managed by The IOS Group and other persons having continuing business relations with The IOS Group. IOB is entitled to receive a commission of $.50 (U.S.) per share in respect of each of the 3,942,000 common shares so offered.

Under an agreement made between the Company and a group of United Kingdom and European underwriters (the "Foreign Underwriters"), the Company has agreed to issue and sell and the Foreign Underwriters have agreed to purchase 5,600,000 common shares of the Company at a price of $9.675 (U.S.) per share. Contemporaneously with the offerings of the Canadian Underwriter and IOB referred to above, the Foreign Underwriters will offer the said 5,600,000 common shares to the public outside Canada, the United States and Mexico at a price of $10 (U.S.) per share.

PURPOSE OF OFFERING AND USE OF PROCEEDS

The principal purpose of this offering of common shares of the Company is to establish a market for the common shares and no part of the proceeds of sale of the said 1,450,000 common shares will be received by the Company.

The proceeds to be derived by the Company from the issue and sale of 5,600,000 common shares of the Company to the Foreign Underwriters as described under the heading "Other Offerings" are estimated at $57,068,000, after payment of underwriting commission and management fees in connection therewith. While such proceeds will initially be invested in time deposits or other money market instruments, it is contemplated that the proceeds will be used to develop and expand The IOS Group's activities, primarily in the banking and insurance areas.

The Company has discussed with the Department of Finance of Canada the offering of the said 1,450,000 common shares in Canada by the Canadian Underwriter and, in accordance with the Minister of Finance guideline of May 7, 1969, The IOS Group intends to invest in Canada or the United States amounts at least equal to the aggregate selling price of such shares. The Company also intends to consult regularly with the Department of Finance on its operations in Canada.

MANAGEMENT OF THE COMPANY

The names, home addresses and principal occupations within the five preceding years of the directors and officers of the Company are as follows:

Directors and Officers	Home Address	Company Office Held	Principal Occupation(s) within the five preceding years
COUNT CARL JOHAN BERNADOTTE	3, Villa Emile-Bergerat, 92, Neuilly-sur-Seine, France	Director	Chairman of the Board, Sundstrand International Corporation (an hydraulics and engineering firm), Paris, France (1967 to present), Chairman of the Board, Sundstrand Hydraulic AB, Paris, France (1954 to 1967)
MARTIN MONTAGUE BROOKE	Duxbury House, Chantry View Road, Guilford, Surrey, England	Director	Director, Guiness Mahon and Co. Ltd. (investment dealers), London, England
CHRISTIAN HENRY BUHL, III*	Les Charmettes, Gland, Vaud, Switzerland	Director	President, IIT Management Company, S.A.
ALLEN RICHARD CANTOR*	Port Choiseul, Rue Marchard, Versoix, Geneva, Switzerland	Executive Vice-President and Director	President, Investors Overseas Services Limited
DR. PASQUALE CHIOMENTI	98, via Buozi, Rome, Italy	Director	Senior Partner, Studio Chiomenti, (a firm of lawyers) Rome, Italy
BERNARD CORNFELD*	218 rue de Lausanne, Geneva, Switzerland	President, Chairman of the Board and Director	President, Director and Chief Executive Officer I.O.S., Ltd. (S.A.)

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

Directors and Officers	Home Address	Company Office Held	Principal Occupation(s) within the five preceding years
EDWARD JOSEPH COUGHLIN, JR.	4 place de l'Etrier, Chêne-Bougeries, Geneva, Switzerland	Secretary	Secretary and Associate General Counsel, I.O.S., Ltd. (S.A.) (1965 to present), Associated with Messrs. Paul, Weiss, Goldberg, Rifkind, Wharton & Garrison (a firm of lawyers), New York City, U.S.A. (1955-1965)
EDWARD MORTON COWETT*	Villa Belle Haven, Cologny 1223, Geneva, Switzerland	Executive Vice-President and Director	Executive Vice-President and General Counsel, I.O.S., Ltd. (S.A.)
HARVEY FELBERBAUM	Piazza Monte Savello 30, Rome, Italy	Director	General Manager (1964 to present) and Sales Associate (1958 to 1964), Investors Overseas Services
RICHARD GANGEL*	26 Rutland Gate, London S.W.7, England	Director	Vice-President (1967 to present), General Manager (1964 to 1967) and Sales Associate (1959 to 1964), Investors Overseas Services
KENT GORDIS**	Grande Coudre, Celigny, Vaud, Switzerland	Vice-President	President, International Scientific Systems Limited (a computer service company)
RICHARD HAMMERMAN	26 Kingston House South, Ennismore Gardens, London S.W.7, England	Director	President, The International Life Insurance Company (U.K.) Ltd.
BEN HEIRS**	27 chemin de Bougeries, Chêne-Bourg, Geneva, Switzerland	Director	Senior Officer of Predecessor Company's Banking Organization
ROY KIRKDORFFER	Ilchester House, Winnington Road, London N.2, England	Director	Chairman and Managing Director, Investors Overseas Services (U.K.) Limited (1968 to present), General Manager (1965 to 1968) and Sales Associate (1959 to 1965), Investors Overseas Services
GEORGE LANDAU*	4 rue des Granges, Geneva, Switzerland	Vice-President and Director	Vice-President, I.O.S., Ltd. (S.A.)

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

Directors and Officers	Home Address	Company Office Held	Principal Occupation(s) within the five preceding years
Jay Francis Leary	53 route de Suisse, Nyon, Vaud, Switzerland	Assistant-Secretary	Attorney, associated with Willkie Farr & Gallagher, (a firm of lawyers), New York City (1963 to 1967); officer of various subsidiaries of the Company (1967 to date)
Melvin Lechner	4 place de L'Etrier, Chêne-Bougeries, Geneva, Switzerland	Treasurer	Certified Public Accountant, Finance Division, Predecessor Company (1966 to present), Associated with Arthur Andersen & Co. (a firm of accountants), New York City (1960 to 1966)
Erich Mende	Am Stadtwald, Bad Godesburg, Germany	Director	President, Investors Overseas Services in Deutschland GmbH (1967 to present), Vice Chancellor and Member of Bundestag, Republic of West Germany (1949 to present)
George von Peterffy	6 Coolidge Hill Road, Cambridge, Mass., U.S.A.	Director	Associate Professor, Harvard Business School Boston, Massachusetts, U.S.A.
Norman Rolnick	1249 Avully, Geneva, Switzerland	Assistant Treasurer	Comptroller I.O.S., Ltd. (S.A.)
James Roosevelt*	Villa Beauvoir, 97 chemin de Ruth, Cologny, Geneva, Switzerland	Director	President and Director, IOS Development Company Limited (1967 to present), Permanent U.S. Representative to Committee II of the United Nations and Member of Delegation from the United States to the United Nations General Assembly (1965-1966), Member of the United States House of Representatives (1952-1965)

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Directors and Officers	Home Address	Company Office Held	Principal Occupation(s) within the five preceding years
LAWRENCE ROSEN	Chemin des Palettes 31, Grand Lancy, Geneva, Switzerland	Assistant Secretary	Officer of Predecessor Company's Sales Organization
MARTIN SELIGSON*	Chemin des Hauts-Crets 19, Cologny, Geneva, Switzerland	Director	President, Investors Development Corporation Limited (1964 to present), President and director, Atlantic Improvement Corporation, (a real estate development company), New York City (1960 to 1964)
BARRY HARMAN STERLING*	41 Avenue Foch, Paris, France	Director	President, IOS Financial Holdings Limited (1968 to present) General Manager, IOS Development Company Limited (1967-1968), Senior Partner, Hindin, Sterling, McKittrick & Powsner, (a firm of lawyers), Beverly Hills, California (1960 to 1967)
ROBERT SUTNER	299 Highland Avenue, Ridgewood, New Jersey, U.S.A.	Director	Officer of Predecessor Company's Sales Organization
GEORGE TREGEA*	Quai Wilson 43, Geneva, Switzerland	Director	Senior Officer of Predecessor Company's Sales Organization
ELI WALLITT*	57 route de Collex, Bellevue, Geneva, Switzerland	Director	Field Director (1964 to present) and General Manager (1959 to 1964), Investors Overseas Services
IRA WEINSTEIN	12 Rosemount Avenue, Westmount, Quebec, Canada	Director	President, I.O.S. of Canada Ltd.
SIR ERIC WYNDHAM WHITE*	1, Place de la Taconnerie, Geneva, Switzerland	Vice-President and Director	Vice-President, I.O.S., Ltd. (S.A.) (1968 to present), Director General, General Agreement on Tariffs and Trade (GATT)

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Directors and Officers	Home Address	Company Office Held	Principal Occupation(s) within the five preceding years
Wilson Watkins Wyatt	1001 Alta Vista Road, Louisville, Kentucky, U.S.A.	Director	Senior Partner, Wyatt, Grafton and Sloss, (a firm of lawyers), Louisville, Kentucky, U.S.A. (1963 to present), Lieutenant-Governor, State of Kentucky (1959 to 1963)

*Denotes Member of Executive Management Committee ("the Committee"). The by-laws of the Company vest in the Committee all residual powers of the board of directors in the interim between meetings of the directors and empower the Committee to take all action that might be taken by the board. The Committee is appointed by the board annually and holds regular meetings at least monthly. All directors who are not specifically appointed to the Committee are invited to attend and vote at all meetings. Mr. Edward M. Cowett is the Chairman of the Committee.

**Denotes ex-officio, non-voting member of the Committee.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration (exclusive of commissions) paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company as a group during the financial year of the Company ended December 31, 1968, was nil and during the seven months ended July 31, 1969 was $128,000.

The aggregate direct remuneration (exclusive of commissions) paid or payable by the Predecessor Company and its subsidiaries to the directors and senior officers of the Predecessor Company (all of whom are now directors and/or senior officers of the Company) as a group during the financial year of the Predecessor Company ended December 31, 1968, was $1,122,000 and during the period ended July 31, 1969 was $770,000.

ESCROWED SHARES

Under the Company's Stock Option Plan, The IOS Stock Option Plan Limited has the right, in certain events, to repurchase preferred shares acquired by participants under such Stock Option Plan and, in certain cases, The IOS Stock Option Plan Limited may elect to effect such a repurchase on an instalment basis over a period of five years. During such five year period any preferred shares being so repurchased are held in escrow by Crédit Suisse, Zurich, Switzerland. As of the date hereof 606,280 preferred shares were so held in escrow.

PRINCIPAL HOLDERS OF SECURITIES

No person or company owns beneficially, directly or indirectly, at the date hereof more than 10% of either class of shares of the Company except as indicated in the following table:

Name and Address	Designation of Class	Type of Ownership	Number of shares Owned	Percentage of Class
Bernard Cornfeld 218 rue de Lausanne Geneva, Switzerland	Common	Of record and beneficially	820,448	15.21%
	Preferred	Of record and beneficially	7,384,064	16.92%

At the date hereof the directors and senior officers of the Company as a group beneficially own, directly or indirectly, 40.6% of the issued common shares and 40.2% of the issued preferred shares of the Company.

Each Selling Shareholder is selling all the common shares he owns and as a result, none of the Selling Shareholders will own any common shares after the completion of this offering. Particulars of the number of

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common shares and preferred shares of the Company owned prior to the completion of this offering by all the Selling Shareholders who, prior to completion of this offering, owned more than 123,000 common shares are as follows:

Name of selling shareholder	Number of common shares owned prior to this offering	Number of preferred shares to be owned after completion of this offering	Percentage of outstanding preferred shares to be owned after completion of this offering
Bernard Cornfeld	820,448	7,384,064	16.92%
Lester Hayes	382,248	382,248	.87%
John Templeton	221,504	896,000	2.05%
Eli Wallitt	161,272	280,000	.64%
John Curran	160,000	480,000	1.12%
George Landau	128,136	1,153,240	2.64%
Donald Q. Shaprow	128,000	1,153,376	2.64%
Gladis Solomon	128,000	1,152,000	2.63%
Richard M. Hammerman	128,000	1,076,032	2.46%
Jack Himes	123,200	1,108,800	2.56%
Total	2,380,808	15,065,760	34.53%

In addition 480 Selling Shareholders owned in the aggregate 3,011,192 common shares prior to completion of this offering.

PRIOR SALES OF SHARES

Within the past 5 years, the only shares of the Company which were issued were issued at the following times and for the following consideration:

(i) as indicated under the heading "History of the Company's Business" on page 4 hereof, 6,118,695 shares of the Company were issued to the Predecessor Company on June 20, 1969 in partial consideration of the transfer to the Company of all the assets (except for $216,250 cash) of the Predecessor Company;

(ii) on June 16, 1969, one share of the Company was issued at a price of $1.40; and

(iii) between June 30, 1969 and August 31, 1969, 213,709 shares of the Company were sold under The IOS Stock Option Plan at prices ranging from $8.69 to $14.49 per share.

TRANSFER AGENTS AND REGISTRARS

Montreal Trust Company at its principal office in Toronto, Canada is the transfer agent and registrar for the common shares and the preferred shares of the Company. The Royal Bank of Canada Trust Corporation Limited at its principal office in London, England is the branch transfer agent and registrar for such shares.

AUDITORS

The auditors of the Company are Arthur Andersen & Co., Beatengasse 9, 8001, Zurich, Switzerland.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, neither the Predecessor Company nor the Company nor any of their subsidiaries have entered into any material contracts within two years prior to the date hereof other than

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Sales to Investors Overseas Management Limited

(i) an agreement (the "Purchase Agreement") dated February 28, 1968, under which IOS Management purchased from the Predecessor Company all the issued and outstanding shares of FOF Management, IIT Management, and Canadian Management at a cost to IOS Management of 2,399,991 shares of IOS Management plus the sum of $7,500,000. Under the Purchase Agreement, IOS Management also purchased from The Fund of Funds, Limited 650 common shares of The Fund of Funds, Limited at a cost of $15,399, being the net asset value of such shares at the date of such purchase;

(ii) an agreement made as of November 19, 1968 under which IOS Management purchased from the Predecessor Company all the issued and outstanding shares of Fonditalia Management at a cost to IOS Management of 200,000 shares of IOS Management;

(iii) an agreement made as of May 2, 1969 under which IOS Management purchased from the Predecessor Company all the issued and outstanding shares of Venture Management at a cost to IOS Management of 920,000 shares of IOS Management;

(iv) an agreement made as of July 29, 1969 under which IOS Management purchased from the Company all the issued and outstanding shares of IPI Management at a cost to IOS Management of 280,000 shares of IOS Management. Because the assets of IPI will not increase from continuous sales the said 280,000 shares of IOS Management was one half the number provided for by the Option Agreement for the purchase of a similar mutual fund management company;

(v) an agreement made as of August 20, 1969 under which IOS Management purchased from the Company all the issued and outstanding shares of Investors Fonds KAG at a cost to IOS Management of 219,200 shares of IOS Management;

Other Agreements

(vi) the agreement dated June 20, 1969 (described under the sub-heading "History of the Company's Business" on page 4 hereof) under which the Company purchased all the assets of the Predecessor Company;

(vii) an agreement made as of February 28, 1968 and amended as of August 1, 1968 (the "Option Agreement"), under which the Predecessor Company granted to IOS Management the right to purchase from the Predecessor Company or any of its other subsidiaries all the shares of any IOS subsidiary which at the time the right is exercised is entitled to manage a mutual fund whose net asset value is $50,000,000 or more. IOS Management may exercise the said right at any time and from time to time during the period commencing on March 1, 1968 and ending on December 31, 1977 and so long thereafter as the Service Agreement hereinafter referred to continues in force. The Option Agreement provides that the purchase price of the shares of any IOS subsidiary so purchased by IOS Management is to be satisfied by the issue of shares of IOS Management. The maximum number of shares of IOS Management issuable on any such purchase is that number which will result in estimated annual earnings per share of IOS Management immediately after such purchase equalling the estimated annual earnings per share of IOS Management immediately before such purchase;

(viii) an agreement (the "Service Agreement") made as of February 28, 1968, under which the Predecessor Company agreed to provide the office space, staff, equipment and services necessary to the proper and efficient operation of IOS Management and those subsidiaries of IOS Management (the "Operating Subsidiaries") which are mutual fund management companies. Pursuant to the Service Agreement, the Company is also obliged to bear all expenses of IOS Management and the Operating Subsidiaries other than applicable taxes assessed against IOS Management and/or the Operating Subsidiaries, fees paid to any registrar, transfer agent, trustee or custodian of securities of IOS Management or any of the Operating Subsidiaries and any costs incurred by IOS Management or any of the Operating Subsidiaries for printing and distribution of any periodic reports sent to shareholders. Under the Service Agreement, IOS Management is required to pay to the Company an annual fee of $1,500,000. The Service Agreement provides for a proportionate downward adjustment of such annual fee in the event that the aggregate value of the net assets of all mutual funds

All dollar figures herein, unless otherwise indicated, are in Canadian Dollars.

under the management of IOS Management and the Operating Subsidiaries falls below $600,000,000 and also provides for negotiation of an increase of such annual fee in the event of the acquisition by IOS Management of any management subsidiary or subsidiaries in addition to the Operating Subsidiaries. However, until such time as IOS Management acquires any additional management subsidiary or subsidiaries, the said annual fee will not exceed $1,500,000 regardless of any increase in the value of the aggregate net assets of the mutual funds managed by IOS Management and the Operating Subsidiaries. The Service Agreement is in force for the period commencing on March 1, 1968 and ending on December 31, 1977 and thereafter from year to year unless terminated. The Service Agreement may be terminated only after December 31, 1977 and at least six (6) months' notice of termination must be given;

(ix) the agreement made between the Company and the Foreign Underwriters described under "Other Offerings" on page 29 hereof.

Copies of such material contracts may be inspected at the head office of the Company, 800 Dorchester Boulevard West, Montreal, Canada and at the principal executive office of the Company, 119, rue de Lausanne, Geneva, Switzerland, during ordinary business hours during the course of primary distribution of the shares offered hereby and for thirty days thereafter.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 63 and 64 of The Securities Act, 1966 (Ontario), sections 63 and 64 of The Securities Act, 1967 (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and sections 63 and 64 of The Securities Act, 1968 (Manitoba) provide, in effect, that where a security is offered to the public in the course of primary distribution, in certain events and subject to certain conditions:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the final prospectus or amended final prospectus offering such security is received or is deemed to be received by him or his agent; and

(b) a purchaser has the right to rescind a contract for the purchase of such security, if the final prospectus or any amended final prospectus offering such security, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such final prospectus or amended final prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that, where a security is offered to the public in the course of primary distribution, a purchaser has the same right of rescission described in (b) above while still the owner of the security and also that a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statement and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission based on non receipt of a prospectus must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

Reference is made to the said Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

Financial Statements

Report of Independent Public Accountants

To I.O.S., Ltd.:

We have examined the consolidated balance sheet of I.O.S., Ltd. (a Canadian corporation and successor to I.O.S., Ltd. (S.A.)) and Subsidiaries as of December 31, 1968, and the related statements of consolidated income and retained earnings for the five years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain subsidiaries but we were furnished with reports of other auditors thereon. The information in Note 1 to the consolidated financial statements with respect to certain subsidiaries is presented on the basis of reports of other auditors.

In our opinion, based upon our examination and the reports of other auditors as referred to above, the above-mentioned financial statements present fairly the financial position of I.O.S., Ltd. and Subsidiaries as of December 31, 1968, and the results of their operations for the five years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change explained in Note 1.

Zurich, Switzerland,
April 15, 1969.

(Signed) Arthur Andersen & Co.

I.O.S., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Canadian.)

ASSETS	December 31, 1968	June 30, 1969 (Unaudited)	Pro Forma June 30, 1969 (Note 2) (Unaudited)
		(000 omitted)	
CURRENT ASSETS:			
Cash, less amounts segregated for client trustee accounts (Note 13)	$18,669	$11,939	$69,008
Securities, at cost—			
Affiliated mutual funds (quoted market $2,475,000 at December 31, 1968 and $2,599,000 at June 30, 1969)	1,806	2,370	2,370
Convertible debentures of subsidiary	520	—	—
Receivables—			
Proceeds of sale of Investors Planning Corporation (Note 5)	8,639	5,870	5,870
Proceeds of public sale of shares of Investors Overseas Services Management Limited	3,460	—	—
Commissions, management fees, etc.	2,897	4,587	4,587
Associates' debit balances, less allowances for doubtful accounts of $1,075,000 and $1,347,000	2,276	2,199	2,199
Client accounts	1,246	4,458	4,458
Officers, directors and employees (Note 8)	854	589	589
Total current assets	40,367	32,012	89,081
INVESTMENTS IN AND RECEIVABLES FROM UNCONSOLIDATED SUBSIDIARIES (Note 1):			
Investments, at cost plus equity in undistributed earnings	17,609	30,416	30,416
Receivables	4,727	14,726	14,726
	22,336	45,142	45,142
PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, at cost (Note 6):			
Land	590	1,849	1,849
Buildings	2,330	4,118	4,118
Furniture and equipment	2,538	3,260	3,260
Leasehold improvements	974	1,196	1,196
	6,432	10,423	10,423
Less—Accumulated depreciation and amortization	1,420	1,844	1,844
	5,012	8,579	8,579
OTHER ASSETS:			
Branch working funds	1,290	1,392	1,392
Prepayments, deposits, other advances, etc.	1,304	3,226	3,226
Due from affiliates	426	348	348
	3,020	4,966	4,966
	$70,735	$90,699	$147,768

Approved on behalf of the Board:

(Signed) EDWARD M. COWETT, Director (Signed) ALLEN R. CANTOR, Director

The accompanying notes are an integral part of these Balance Sheets.

I.O.S., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Can.)

LIABILITIES AND STOCKHOLDERS' INVESTMENT

	December 31, 1968	June 30, 1969 (Unaudited)	Pro Forma June 30, 1969 (Note 2) (Unaudited)
		(000 omitted)	
CURRENT LIABILITIES:			
Payables—			
Associates' commissions	$ 7,635	$12,098	$12,098
Advisory fees	2,978	131	131
Capital stock repurchases	1,965	3,850	3,850
Suppliers and others	1,268	1,730	1,730
Accrued expenses—			
Profit sharing and retirement plan	1,406	541	541
Expenses in connection with the sale of Investors Planning Corporation (Note 5)	936	1,126	1,126
Income taxes	753	1,112	1,112
Other	4,277	4,618	4,618
Total current liabilities	21,218	25,206	25,206
IOS INVESTMENT PROGRAM CLIENT TRUSTEE ACCOUNTS:			
Funds in process of investment	7,978	13,496	13,496
Funds held in escrow under letters of intent, etc.	3,833	5,679	5,679
Amounts payable for liquidations	1,438	760	760
Prepaid life insurance premiums	1,189	1,184	1,184
	14,438	21,119	21,119
Less—Segregated cash and receivables for invested funds	14,438	21,119	21,119
	—	—	—
PAYABLE TO UNCONSOLIDATED SUBSIDIARIES	595	1,021	1,021
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	245	834	834
COMMITMENTS AND CONTINGENCIES (Notes 5 and 13)			
STOCKHOLDERS' INVESTMENT (Notes 1, 2, 3 and 4):			
Capital stock, authorized 40,000,000 shares at June 30, 1969, $1.00 par value; issued 5,950,292 and 12,173,842 shares of which 329,809 and 660,444 shares are held in escrow until fully paid	6,434	13,163	—
Preferred stock	—	—	11,706
Common stock	—	—	2,971
Consideration received in excess of par value	9,308	9,678	65,233
Less—Amounts due on stock subscriptions (Note 8)	(4,093)	(5,184)	(5,184)
	11,649	17,657	74,726
Retained earnings	38,147	47,100	47,100
	49,796	64,757	121,826
Less—Treasury stock, 102,824 shares at cost at December 31, 1968; and 205,648 shares, at cost, held by an affiliated company at June 30, 1969 (Note 4)	(1,119)	(1,119)	(1,119)
	48,677	63,638	120,707
	$70,735	$90,699	$147,768

The accompanying notes are an integral part of these Balance Sheets.

I.O.S., LTD. AND SUBSIDIARIES

Statements of Consolidated Income and Retained Earnings

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Can.)

	Year Ended December 31,					Six Months Ended June 30,	
	1964	1965	1966	1967	1968	1968	1969
						(Unaudited)	
			(000 omitted)				
Consolidated Income							
INCOME—MUTUAL FUNDS:							
Commissions earned	$12,837	$23,065	$36,142	$40,134	$66,499	$28,290	$62,785
Less—Associates' commissions	8,050	13,633	22,148	24,430	41,794	17,887	44,049
Commission income	4,787	9,432	13,994	15,704	24,705	10,403	18,736
Management and service fees, interest, etc.	1,175	2,472	4,038	6,964	9,804	3,344	8,033
	5,962	11,904	18,032	22,668	34,509	13,747	26,769
OPERATING EXPENSES:							
Selling and administrative	4,031	7,633	13,045	22,949	31,309	12,821	21,695
Provision for depreciation and amortization	86	178	359	405	617	303	457
	4,117	7,811	13,404	23,354	31,926	13,124	22,152
	1,845	4,093	4,628	(686)	2,583	623	4,617
EQUITY IN EARNINGS (LOSSES) OF UNCONSOLIDATED SUBSIDIARIES (Note 12):							
IOS Financial Holdings Limited and subsidiaries (Note 11)	(10)	69	931	1,824	3,685	1,473	4,762
IOS Real Estate Holdings Limited and subsidiary	—	—	(206)	1,498	1,875	941	840
IOS Insurance Holdings Ltd. and subsidiaries	58	148	381	406	1,083	693	895
Investors Planning Corporation (Note 5)	—	(366)	(216)	845	305	454	—
	48	(149)	890	4,573	6,948	3,561	6,497

INCOME—PROPRIETARY FUNDS (Note 11):							
Advisory fees	—	60	433	2,293	5,273	1,359	248
Commissions, dividends and interest	—	—	100	3,047	2,656	886	784
	—	60	533	5,340	7,929	2,245	1,032
Income before minority interest and income taxes	1,893	4,004	6,051	9,227	17,460	6,429	12,146
INCOME APPLICABLE TO MINORITY INTEREST	—	(65)	(209)	(303)	(901)	(315)	(1,315)
Income before income taxes	1,893	3,939	5,842	8,924	16,559	6,114	10,831
INCOME TAXES (Note 9)	73	264	292	1,016	1,022	219	536
Net income (Note 9)	$ 1,820	$ 3,675	$ 5,550	$ 7,908	$15,537	$ 5,895	$10,295
NET INCOME PER SHARE OF CAPITAL STOCK AND EQUIVALENT SHARE OF CAPITAL STOCK (Note 10)	$ .04	$ .09	$ .12	$ .17	$ .34	$ .13	$ .22

Consolidated Retained Earnings

BALANCE, beginning of period	$ 922	$ 2,742	$ 6,417	$ 8,670	$11,630	$11,630	$38,147
ADD:							
Net income	1,820	3,675	5,550	7,908	15,537	5,895	10,295
Net gain resulting from public sale of shares of Investors Overseas Services Management Limited	—	—	—	—	11,525	5,843	—
Net gain on sale of investment in Investors Planning Corporation (Note 5) ($.11 per share in 1968 and $.03 per share in 1969)	—	—	—	—	4,930	—	1,606
	2,742	6,417	11,967	16,578	43,622	23,368	50,048
DEDUCT:							
Special distribution (Note 10)	—	—	—	—	(299)	(299)	—
Excess of purchase price of retired capital stock over the aggregate amounts received upon issuance (Note 4)	—	—	(3,297)	(4,948)	(5,176)	(3,154)	2,948
BALANCE, end of period	$ 2,742	$ 6,417	$ 8,670	$11,630	$38,147	$19,915	$47,100

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

(INCLUDING NOTES APPLICABLE TO UNAUDITED PERIODS)

1. Corporate Reorganization, Consolidation Principles, Investments, Etc.

On June 20, 1969, I.O.S. Holdings Ltd., an inactive, non-resident Canadian corporation, acquired substantially all the assets and assumed all the obligations and liabilities of I.O.S., Ltd. (S.A.) in exchange for 6,118,699 shares of its $1.00 par value capital stock. On June 27, 1969, the name of I.O.S. Holdings Ltd. was changed to I.O.S., Ltd. (the "Company"). The authorized capital of the Company is $40,000,000 divided into 40,000,000 shares of $1.00 par value each.

The accompanying financial statements are presented on the basis of the Company continuing the business and operations of I.O.S., Ltd. (S.A.) and reflect the Company's investment and interest in the profits and losses of all subsidiary banks, finance, insurance and real estate companies. Since the assets of such companies represent, primarily, assets held on a fiduciary basis for nonaffiliated persons, it would be inappropriate to include such assets with those of I.O.S., Ltd. and its consolidated subsidiaries. In connection with the above, reference is made to the financial statements of IOS Financial Holdings Limited and subsidiaries, IOS Insurance Holdings Ltd. and subsidiaries and IOS Real Estate Holdings Limited and subsidiary which are presented elsewhere in this prospectus. The accounts of all other significant subsidiaries are fully consolidated. Upon consolidation, all intercompany balances and transactions have been eliminated. Accounts maintained in currencies other than U.S. dollars have been translated into U.S. dollars at current or historical rates of exchange, as appropriate.

At December 31, 1968 and June 30, 1969 (unaudited), the Company's investment in its consolidated subsidiaries was exceeded by its equity in the net assets of such subsidiaries by $23,917,000 and $31,682,000 respectively. These amounts, representing principally the income of such subsidiaries since their inception or acquisition, have been included in consolidated retained earnings and consideration received in excess of par value for the respective periods.

Investments in and receivables from unconsolidated subsidiaries as reflected in the accompanying balance sheets include the following:

	December 31, 1968		June 30, 1969 (Unaudited)	
	Direct and Indirect Interest	Investment Carrying Value (000 omitted)	Direct and Indirect Interest	Investment Carrying Value (000 omitted)
Subsidiary				
Overseas Development Bank	100%	$ 6,243 (a)	100%	$ 9,844 (a)
Overseas Development Bank (Bahamas) Limited	100%	371 (a)	100%	1,492 (a)
Overseas Development Bank (Sterling) Limited	100%	324 (a)	100%	337 (a)
Orbis Bank GmbH	90%	735 (a)	90%	901 (a)
Banca Provinciale di Depositi e Sconti S.p.A. (Probanca)	—	—	96%	6,060 (a)
Investors Bank Luxembourg, S.A.	100%	621 (a)	100%	476 (a)
Financial Institution Management N.V.	—	—	100%	1,202 (a)
IOS Acceptance Company Limited (formerly O.D.B. Acceptance Company Limited)	100%	509 (a)	100%	389 (a)
Investors Overseas Bank Limited	—	—	100%	6,576 (a)
ICS Rediscount Corporation	100%	108 (a)	100%	108 (a)
IOS Financial Holdings Limited	100%	1,214 (b)	100%	2,800 (b)
IOS Insurance Holdings Ltd. (formerly The International Life Insurance Company, S.A.)	78%	3,246 (c)	78%	9,225
Liquidations Limited	100%	5,160 (d)	—	—
IOS Real Estate Holdings Limited (formerly Investors Development Corporation Limited)	100%	3,537	100%	5,355
Other	—	268	—	377
		$22,336 (e)		$45,142 (e)
Represented by:				
Direct and indirect interest		$10,146		$17,362
Accounts receivable		4,727		14,726
Undistributed earnings		7,463		13,054
		$22,336 (e)		$45,142 (e)

(a) Wholly-owned subsidiary of IOS Financial Holdings Limited (organized in 1968), except for Orbis Bank GmbH in which there is a 10% minority interest and Probanca in which there is a 4% minority interest.

(b) After deduction of the investment and equity of the companies indicated by (a).

(c) Including the investment and equity of Liquidations Limited which owned 59% of The International Life Insurance Company, S.A. at December 31, 1968.

(d) After deduction of underlying investment and equity of The International Life Insurance Company, S.A. as of December 31, 1968; as of June 30, 1969, Liquidations Limited was dissolved.

(e) Without deduction for amounts due to unconsolidated subsidiaries of $595,000 at December 31, 1968 and $1,021,000 at June 30, 1969 shown separately on the accompanying balance sheets.

In connection with the above, reference is made to the financial statements of IOS Financial Holdings Limited and subsidiaries, IOS Insurance Holdings Ltd. and subsidiaries and IOS Real Estate Holdings Limited and subsidiary which are presented elsewhere in this prospectus.

The statements of consolidated income for 1965, 1966 and 1967 have been restated to account for the sale of Investors Planning Corporation, which was sold as of December 31, 1968 (see Note 5) on an equity basis. This change had no effect on net income or retained earnings for any period.

2. Pro Forma Transactions

The pro forma consolidated balance sheet as of June 30, 1969 (unaudited) is after giving effect to the following proposed transactions:

(a) Issue of supplementary letters patent to the Company dated September 19, 1969 changing the Company's authorized 40,000,000 shares of the par value of $1 each into 75,000,000 preferred shares of the par value of U.S. 25¢ each and 150,000,000 common shares of the par value of U.S. 25¢ each. In connection therewith the 12,173,842 issued shares of capital stock as of June 30, 1969 have been converted into 43,303,368 preferred shares and 5,392,000 common shares.

(b) Issue of 5,600,000 common shares to the public at a price of $10.81 per share, for an aggregate cash consideration of $60,550,000.

(c) Payment of underwriting commission and management fees of $3,482,000. All other expenses of the public issue referred to in (b) above will not be borne by the Company.

3. Stock Subscription Plan

Under "The IOS Stock Option Plan", executives, sales representatives, and employees are offered capital stock of the Company at prices as determined by a current valuation formula. Shares issued under this Plan may not be sold or transferred unless first offered to an affiliate of the Company at the latest quarterly formula valuation price. The majority of the Company's capital stock has been issued under this Plan. Reference is made to the caption "The IOS Stock Option Plan" elsewhere in this prospectus regarding this Plan as in effect after amendments made in connection with the recapitalization effective in September 1969.

In addition, the Company has entered into an agreement with an officer which provides for the future issuance of a total of 236,800 shares at June 30, 1969 of capital stock or, at the Company's option, for the payment of an amount representing the formula valuation price of such shares at the time of exercise by the Company or the officer. Under certain conditions as provided by the agreement, the shares issued may be sold or transferred without being first offered to the Company.

Information for the three years ended December 31, 1968 and the six months ended June 30, 1968 and 1969 with respect to options under the Plan and the above agreement is as follows:

	Number of Shares (a)	Option Price		Formula Value	
		Per Share	Total	Per Share	Total
Shares under Option at:					
June 30, 1969	545,508	$4.25 to $12.95	$3,505,000	$ 4.25 to $12.95 (b)	$3,505,000
December 31, 1968	417,968	3.97 to 10.16	1,251,000	3.97 to 10.16 (b)	1,251,000
Options Exercised during:					
Six Months ended June 30,					
1969	554,392	4.25 to 14.49	5,743,000	12.95 to 14.49 (c)	7,467,000
1968	408,688	3.45 to 7.19	2,333,000	6.87 to 7.19 (c)	2,860,000
Year ended December 31,					
1968	914,202	2.97 to 10.16	5,987,000	6.87 to 10.16 (c)	7,597,000
1967	828,240	2.32 to 6.04	3,913,000	4.60 to 6.04 (c)	4,567,000
1966	862,016	0.45 to 3.97	2,444,000	2.97 to 4.25 (c)	3,117,000

(a) After giving retroactive effect to all stock dividends and splits up to and including June 30, 1969 but not for the four-for-one split in September 1969.

(b) At dates options were granted.

(c) At dates options were exercised.

(d) No information is shown regarding options which were granted or became exercisable during the periods since options are normally exercised shortly after having been offered.

The excess of proceeds received over the par value of shares issued has been credited to "Consideration received in excess of par value" and no charge against income has been made in connection with stock options.

4. Capital Changes

A summary of changes in capital, for the three years and six months ended June 30, 1969, is as follows:

	Capital Stock		Excess of
	Shares*	Amount	Par Value
		(000 omitted)	
Balance, December 31, 1965	1,580,515	$ 1,709	$ 4,244
100% stock dividend	1,580,515	1,709	(1,709)
New issuances during 1966	213,004	230	2,213
Excess of proceeds over cost of treasury stock resold	—	—	62
Retirement of repurchased capital stock	(298,358)	(323)	(199)
Balance, December 31, 1966	3,075,676	$ 3,325	$ 4,611
100% stock dividend	3,060,014	3,309	(3,309)
New issuances during 1967	339,835	368	3,545
Retirement of repurchased capital stock	(462,974)	(501)	(123)
Balance, December 31, 1967	6,012,551	$ 6,501	$ 4,724
New issuances during 1968	457,101	495	5,493
Retirement of repurchased capital stock	(519,360)	(562)	(909)
Balance, December 31, 1968	5,950,292	$ 6,434	$ 9,308
100% stock split	6,118,699	6,616	(6,616)
New issuances during the six-month period	282,792	306	5,437
Proceeds from conversion of debentures of consolidated subsidiary	—	—	2,012
Retirement of repurchased capital stock	(177,941)	(193)	(463)
Balance, June 30, 1969	12,173,842	$13,163	$ 9,678

*Including shares issued and held in escrow.

The excess of purchase price over par value upon retirement of repurchased capital stock is allocated between capital surplus (captioned as "Consideration received in excess of par value" in the accompanying financial statements) and retained earnings. On a specific identification basis, capital surplus is charged with the amount in excess of par value which was received upon original issuance of such capital stock, and retained earnings is charged with the remainder of the excess.

In 1969, prior to the exchange of the Company's capital stock for the assets of I.O.S., Ltd. (S.A.) (more fully described in Note 1 above), the treasury stock of I.O.S., Ltd. (S.A.) was sold at cost to an affiliated company.

5. Divestiture of Investors Planning Corporation

Under the settlement effective June 5, 1967 between the Company and the United States Securities and Exchange Commission (the "S.E.C."), the Company, among other things, agreed to either sell its entire interest in Investors Planning Corporation to an unaffiliated person or to make arrangements, suitable to the S.E.C., to transfer operations and management control to an unaffiliated person.

Suitable arrangements were concluded during 1968 whereby the assets (subject to certain liabilities) as of December 31, 1968, which constituted the domestic operations of Investors Planning Corporation were sold to an unaffiliated third party for an aggregate payment of an amount equal to the book value of the assets (in excess of certain liabilities) plus $7,352,000. After consideration of minority interests, the sales proceeds to I.O.S., Ltd. amounted to $8,639,000 including a note receivable due March 31, 1970, without interest, in the face amount of $2,189,000. In accordance with the terms of the sales agreement the note is held in escrow and is subject to reduction prior to or on the due date, by the amount of the Company's proportionate share of (a) any loss that might be incurred in the realization of the transferred current assets, or (b) any loss due to breach of the representations or warranties contained in the sales agreement. The agreement also provides that the Company will receive from the purchaser its proportionate share of any excess of realized assets over book value.

On April 1, 1969, an agreement was reached whereby the assets which constituted the international operations of Investors Planning Corporation were sold to an unaffiliated third party for $2,352,000. After consideration of minority interests, the sales proceeds to the Company amounted to $1,901,000 including a non-interest bearing note receivable in the face amount of $1,081,000 due June 11, 1970 subordinated to all claims of all present and future creditors of the purchaser. In accordance with the terms of the sales agreement, the principal amount of the note is subject to reduction under certain specified conditions as set forth in the agreement.

In the opinion of Company management all of the above transactions will be concluded on favorable terms without any loss to the Company.

6. Property, Equipment and Leasehold Improvements

It is the policy of the Company to provide for depreciation of depreciable properties on the straight-line method at rates which, from past experience and current conditions, are adequate to extinguish the cost of the properties, less salvage value, over the estimated service lives of the properties. The rates used are as follows;:

	Per Cent
Buildings	5 - 20
Furniture and Equipment	10 - 20
Leasehold Improvements	10

The cost of ordinary maintenance and repairs is charged to operations as incurred. Major renewals and betterments are capitalized. The costs and related accumulated depreciation and amortization of properties retired or otherwise disposed of are removed from the accounts upon disposal. Profits or losses on sales of properties are included in income.

7. Employees Retirement Plan

Effective January 1, 1966 the Company adopted the I.O.S. Employee Benefits Plan for all non-executive, salaried employees of the Company and its subsidiaries, except for IOS Insurance Holdings Ltd. and I.O.S. of Canada Ltd. which have similar plans for their non-executive salaried employees.

The Company's annual contribution to the Plan is based on an amount equal to 4% of each employee's base annual salary, the total amount being deposited in segregated accounts (not included in the Company's financial statements) maintained for the benefit of the Plan. Each employee is permitted to contribute to the Plan an amount equal to 2% of his base annual salary.

In addition to the above, an allocation equal to 4% of each employee's base annual salary is made by the Company from its annual executive profit sharing contribution (this contribution representing 5% of net income before such deduction).

Direct contributions to the Plan and allocation of profit sharing to the Plan charged to income by the Company were as follows (000 omitted):

Year Ended December 31,	Amount
1968	$116
1967	98
1966	82
Six Months Ended June 30,	
1969	$ 97
1968	82

There is no past service cost under this Plan.

8. Amounts Due From Directors and Officers

Amounts due from directors and officers of the Company for stock subscriptions and current receivables were as follows:

	December 31, 1968	June 30, 1969
	(000 omitted)	
Amounts due for:		
Stock subscriptions	$398	$570
Current receivables	306	236
Total	$704	$806

9. Income Taxes

Income taxes represent income and similar taxes. In addition to the amounts shown, the Company's equity in earnings of unconsolidated subsidiaries is net of income and similar taxes of such companies. Total income and similar taxes of all companies were as follows:

	I.O.S., Ltd. and Consolidated Subsidiaries	Unconsolidated Subsidiaries	Total
Year Ended December 31,		(000 omitted)	
1964	$ 73	$ —	$ 73
1965	264	88	352
1966	292	113	405
1967	1,016	546	1,562
1968	1,022	1,389	2,411
Six Months Ended June 30,			
1968	$ 219	$ 682	$ 901
1969	536	747	1,283

In the six months ended June 30, 1969, the principal subsidiary of IOS Financial Holdings Limited followed Swiss tax law and practise in providing for income taxes which differ from generally accepted accounting principles, which are used in relation to all other subsidiaries of I.O.S., Ltd. Had the latter been followed the Company's net income would have decreased by approximately $232,000.

10. Net Income Per Share

Net income per share of capital stock and equivalent share of capital stock was computed by dividing net income by the average number of shares of capital stock and capital stock equivalents outstanding, after giving retroactive effect to stock dividends and splits (including the four-for-one split effective in September 1969), during each period. Shares under option (as described in Note 3) and shares held in escrow until fully paid have been considered to be the equivalent of capital stock during each of

the periods covered and have been added to the number of shares of capital stock outstanding. This increase in the number of capital shares was reduced by the number of capital shares which are assumed to have been purchased with the proceeds from the exercise of the options and payment for the shares held in escrow. These purchases were assumed to have been made at the average formula value price, which exceeded the exercise price of the shares under option and the purchase price of shares held in escrow during each period covered . See "The IOS Stock Option Plan" elsewhere in this prospectus.

The Company has followed the policy of retaining all earnings in the past; accordingly, no data are shown for dividends per share. However, during 1968, the Company made a special distribution to its stockholders of $299,000 face amount of convertible debentures of Investors Overseas Services Management Limited.

11. Income-Proprietary Funds

"Income—Proprietary Funds" represents fees and other income received from F.O.F. Proprietary Funds Ltd. (a wholly-owned subsidiary of The Fund of Funds, Limited). Advisory fees are net of sub-advisory fees and other expenses of $404,000 in 1966, $2,381,000 in 1967, $3,843,000 in 1968 and $1,632,000 and $686,000 for the six months ended June 30, 1968 and 1969, respectively.

Effective January 1, 1969, securities loan activities previously attributable to a management subsidiary of the Company were carried on by a subsidiary of IOS Financial Holdings Limited. Income from such activities of $324,000 in 1967, $697,000 in 1968 and $324,000 in the six months ended June 30, 1968 is included in commissions, dividends and interest (Proprietary Funds); net income of IOS Financial Holdings Limited and subsidiaries for the six months ended June 30, 1969 includes $677,000 from these securities loan activities. Reference is made to page 13 "F.O.F. Proprietary Funds Ltd." for explanation of these activities.

12. Financial Statements of Unconsolidated Subsidiaries

Consolidated financial statements of IOS Financial Holdings Limited and subsidiaries, IOS Real Estate Holdings Limited and subsidiary and IOS Insurance Holdings Ltd. and subsidiaries are presented elsewhere in this prospectus.

13. Restrictions, Guarantees, Commitments, Etc.

As of December 31, 1968 and June 30, 1969, $8,274,000 and $7,686,000 of cash was in interest-bearing time and call deposits.

As of December 31, 1968 and June 30, 1969 $1,806,000 and $1,440,000 were in restricted deposits with various banks as collateral for guarantees made on behalf of the Company in the normal course of business.

The Company has guaranteed bank loans and over-drafts to employees, associates, affiliated persons and others up to a maximum amount of $2,757,000 and $2,094,000 as of December 31, 1968 and June 30, 1969, respectively. In the opinion of Company management no losses are anticipated as a result of these transactions.

As of June 30, 1969, an affiliate of the Company is committed to repurchase capital stock amounting to approximately $1,622,000 held by former sales representatives.

The Company is constructing new office facilities in various locations as follows:

Location and Description	Estimated Completion Date	Anticipated Total Cost
Geneva, Switzerland		
Office building	September 1970	$5,073,000
Nyon, Switzerland		
Data Processing Center	August 1971	8,650,000
Ferney-Voltaire, France		
Office building	October 1971	12,975,000
Luxembourg		
Office building	Spring 1970	324,000

When entering into commitments relating to the above construction of new facilities, the Company was, and still is, prepared to finance the cost of such construction out of cash generated by operations. The Company has also arranged for lines-of-credit for long term borrowings from two unaffiliated banks of $628,600 each at 5¾% interest in connection with the construction of the Geneva office building.

In addition, the Company has committed $324,000 as of December 31, 1968 and $270,000 as of June 30, 1969 as a contribution through 1971 toward the construction of an international school in Ferney-Voltaire, France. Rentals under leases extending three years or more after June 30, 1969 amount to approximately $1,595,000 annually. The Company has also contracted for minimum computer rentals of approximately $297,000 per year.

14. Statements of Changes in Working Capital

The accompanying financial statements do not include statements of changes in working capital for the five years ended December 31, 1968 and the six months ended June 30, 1968 and 1969. Since the total assets and total liabilities are comprised primarily of current items and stockholders' investment and the only material item in noncurrent assets is "Investments in and receivables from unconsolidated subsidiaries", the changes therein more fully described in Note 1, it would be redundant to include such statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To IOS Real Estate Holdings Limited:

We have examined the consolidated balance sheet of IOS Real Estate Holdings Limited (a wholly-owned English subsidiary of I.O.S., Ltd. and successor, subsequent to the date of this report, to Investors Development Corporation Limited) and Subsidiary as of December 31, 1968 and the related statements of consolidated income and retained earnings for the period from commencement of operations (October 1966) to December 31, 1968. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of IOS Real Estate Holdings Limited and Subsidiary as of December 31, 1968, and the results of their operations for the period from commencement of operations to December 31, 1968 in conformity with generally accepted accounting principles applied on a consistent basis.

Zurich, Switzerland,
April 15, 1969.

(Signed) Arthur Andersen & Co.

IOS REAL ESTATE HOLDINGS LIMITED AND SUBSIDIARY

Consolidated Balance Sheets

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S. = $1.08125 Canadian.)

ASSETS

	December 31, 1968	June 30, 1969 (Unaudited)
	(000 omitted)	
CURRENT ASSETS:		
Cash, including $2,407,000 on December 31, 1968 and $635,000 on June 30, 1969 in affiliated banks	$ 2,451	$ 642
Accounts receivable		
Customers (Note 2)	13,340	11,908
I.O.S., Ltd.	2,956	3,525
The Hemispheres Development Corporation	767	1,724
Other	34	427
	17,097	17,584
Saleable property, at cost which is lower than market	176	199
Total current assets	19,724	18,425
NON-CURRENT CUSTOMERS' RECEIVABLES (Note 2)	2,054	2,054
INVESTMENTS IN AND ADVANCES TO WHOLLY-OWNED UNCONSOLIDATED SUBSIDIARIES, at cost, net of loss from operations	331	280
OTHER ASSETS	75	74
	$22,184	$20,833

LIABILITIES AND STOCKHOLDER'S INVESTMENT

	December 31, 1968	June 30, 1969 (Unaudited)
CURRENT LIABILITIES:		
Accounts payable—		
Due to contractors	$11,766	$ 7,777
Sales commissions due to Investors Overseas Services Limited	3,295	4,764
Due to affiliated companies	66	119
Other	62	—
	15,189	12,660
Accrued liabilities—		
Transfer taxes	882	730
Other	369	114
	1,251	844
Total current liabilities	16,440	13,504
DEFERRED COMMISSION INCOME (Note 3)	2,574	3,319
STOCKHOLDER'S INVESTMENT (Note 1):		
Capital stock	3	3,170
Retained earnings	3,167	840
Total stockholder's investment	3,170	4,010
	$22,184	$20,833

Approved on behalf of the Board:

(Signed) EDWARD M. COWETT, Director (Signed) ALLEN R. CANTOR, Director

The accompanying notes are an integral part of these Balance Sheets.

IOS REAL ESTATE HOLDINGS LIMITED AND SUBSIDIARY

Statements of Consolidated Income and Retained Earnings

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Can.)

	Year Ended December 31,			Six Months Ended June 30,	
	1966*	1967	1968	1968	1969
				(Unaudited)	
			(000 Omitted)		
SALES (Note 3)	$ 1,013	$12,941	$14,637	$ 7,738	$ (9)
COST OF SALES (Note 4)	935	11,038	12,155	6,617	(9)
Gross Profit	78	1,903	2,482	1,121	—
COMMISSION INCOME (Notes 3 and 4)	—	—	277	—	1,182
	78	1,903	2,759	1,121	1,182
SELLING EXPENSES (Note 3)	82	119	200	57	90
ADMINISTRATIVE EXPENSES (Note 3)	202	370	707	225	563
	286	489	907	282	653
Income (Loss) from operations	(206)	1,414	1,852	839	529
INTEREST AND OTHER INCOME	—	84	280	102	606
	(206)	1,498	2,132	941	1,135
LOSS FROM OPERATIONS OF UNCONSOLIDATED SUBSIDIARIES	—	—	(257)	—	(295)
Net income (loss)	(206)	1,498	1,875	941	840
RETAINED EARNINGS (DEFICIT), beginning of period	—	(206)	1,292	1,292	3,167
DEDUCT—Capitalization of prior years' earnings (Note 1)	—	—	—	—	(3,167)
RETAINED EARNINGS (DEFICIT), end of period	$ (206)	$ 1,292	$ 3,167	$ 2,233	$ 840

***Commencement of operation (October) to December 31, 1966.**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

(INCLUDING NOTES APPLICABLE TO UNAUDITED PERIODS)

1. Corporate Reorganization:

On June 28, 1969, IOS Real Estate Holdings Limited (the "Company"), a non-resident English company, originally established in March, 1969, acquired I.O.S., Ltd.'s investment in Investors Development Corporation Limited ("Indevco") in exchange for 2,932,400 shares of its U.S. $1.00 par value capital stock. The accompanying financial statements are presented on the basis of the Company continuing the business and operations of Indevco.

The capital of Indevco at December 31, 1968 and the Company at June 30, 1969, was as follows:

Date	Shares Authorized	Par Value	Shares Issued and Outstanding
December 31, 1968	1,500,000	Bahamian $2.86	1,000
June 30, 1969	6,000,000	U.S. $1.00	2,932,400

2. Customers' Receivables:

The Company retains a lien against title on land sales until full payment is received. On sales of apartments and houses, title is registered upon completion of construction and retained by the Company for the benefit of the owner-developer until full payment is received. Receivables on sales of land and residences represent approximately 4% and 88%, respectively, of aggregate customer receivables at December 31, 1968, and 4% and 87%, respectively, at June 30, 1969. In each period, the remainder is represented by receivables on furniture sales.

3. Commission Income:

Prior to October, 1968, the primary source of the Company's revenue was represented by sales of real estate developed by an unaffiliated company in respect to which substantial control in overall project development was exercised by the Company. Commencing in October, 1968, the Company's revenue was augmented by commissions on sales of real estate which is being developed by an affiliated company. During the six months ended June 30, 1969, these commissions on sales represented the only source of operating revenues. The Company receives a sales commission of a stipulated percentage of the sales price of units sold. The sales commissions and applicable expenses are recognized at the rate of the percentage-of-completion of the related development. Commissions received in excess of recognized income are shown as deferred commission income net of deferred administrative and selling expenses of $232,000 for the year ended December 31, 1968 and $124,000 for the six months ended June 30, 1969 (cumulative $357,000 at June 30, 1969).

4. Commissions to Investors Overseas Services Limited

Cost of sales includes commissions to Investors Overseas Services Limited (an affiliated company) of $1,036,000 in 1967, $1,215,000 in 1968 and $650,000 in the six months ended June 30, 1968. In addition, commission income is net of commissions to the same company of $178,000 in 1968 and $758,000 in the six months ended June 30, 1969.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To IOS Insurance Holdings Ltd.:

We have examined the consolidated balance sheet of IOS Insurance Holdings Ltd. (a Canadian subsidiary of I.O.S., Ltd. and successor, subsequent to the date of this report, to The International Life Insurance Company, S.A.) and Subsidiaries as of December 31, 1968, and the related statements of consolidated income and retained earnings for the three years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included the count or direct confirmation with custodian banks of certificates evidencing investments and related underlying securities and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of IOS Insurance Holdings Ltd. and Subsidiaries as of December 31, 1968, and the results of their operations for the three years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

London, E.C.2,
April 15, 1969.

(Signed) Arthur Andersen & Co.

IOS INSURANCE HOLDINGS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S. = $1.08125 Canadian.)

ASSETS

	December 31, 1968	June 30, 1969 (Unaudited)
	(000 omitted)	
Investments Relating to Equity Unit Account:		
Marketable securities, at market value	$115,067	$112,793
Cash, less liabilities	8,419	19,356
	123,486	132,149
Less—		
Advance from general funds of the Company	(1,088)	(7,707)
Secured loan at 8% from non-affiliated bank (June 30, 1969—11¼%)	(1,089)	(1,091)
Capital gains tax equalization	(1,882)	—
	119,427	123,351
Other Marketable Securities, at cost (market value $731,000; June 30, 1969—$976,000)	539	875
Cash (Note 2):		
Current accounts	697	1,701
Deposit accounts	10,995	13,615
	11,692	15,316
Total marketable securities and cash	131,658	139,542
Receivables:		
Due from reinsurers	290	478
Due from parent and affiliated companies	279	99
Other (including $1,088,000 advance to Equity Unit Account; June 30, 1969—$7,707,000)	1,329	8,415
	1,898	8,992
Investments in and Advances to Unconsolidated Subsidiaries, at cost (Note 5)	452	1,329
Other Assets:		
Advances to employees and agents	145	117
Prepayments and deposits	1,248	1,136
Equipment and leasehold improvements, at cost less depreciation of $202,000 (June 30, 1969—$267,000)	686	2,343
	2,079	3,596
	$136,087	$153,459

Approved on behalf of the Board:

(Signed) Edward M. Cowett, Director (Signed) Allen R. Cantor, Director

The accompanying notes are an integral part of these Balance Sheets.

IOS INSURANCE HOLDINGS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S. = $1.08125 Can.)

LIABILITIES AND STOCKHOLDERS' INVESTMENT

	December 31, 1968	June 30, 1969 (Unaudited)
	(000 omitted)	
Policy Reserves (Note 3):		
Equity Unit Account	$119,427	$123,350
Other	3,884	5,258
	123,311	128,608
Current Liabilities:		
Unsecured notes payable to non-affiliated bank at 6%, due July 31, 1969	—	2,163
Bank overdrafts	—	2,276
Premium deposits on policy applications in process and prepaid premiums	4,997	3,819
Agents' commissions	750	1,856
Accounts payable and accrued liabilities	423	649
Policy claims	2,194	2,153
Taxation (Note 4)	485	656
Due to parent and affiliated companies	336	1,133
	9,185	14,705
Stockholders' Investment (Note 1):		
Capital stock—		
Authorized and outstanding—20,000 shares of par value $50 (U.S.) each at December 31, 1968; at June 30, 1969, authorized 20,000,000 shares of par value $1.00 (U.S.) each, issued and outstanding 820,000 shares	1,081	887
Statutory reserve	21	29
Consideration received in excess of par value	—	5,601
Retained earnings	2,489	3,629
Total stockholders' investment	3,591	10,146
	$136,087	$153,459

The accompanying notes are an integral part of these Balance Sheets.

IOS INSURANCE HOLDINGS LTD. AND SUBSIDIARIES

Statements of Consolidated Income and Retained Earnings

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Can.)

	Year Ended December 31,			Six Months Ended June 30,	
	1966	1967	1968	1968	1969
				(Unaudited)	
			(000 omitted)		
PREMIUM INCOME	$26,051	$31,289	$65,971	$26,712	$51,302
DEDUCT:					
Reinsurance premiums	402	607	841	346	398
Commissions	2,956	3,538	6,250	2,570	5,745
Claims, net of reinsurance	996	1,129	1,342	593	984
Surrenders and withdrawals	1,083	4,922	7,808	3,653	5,963
Added to policy reserves (Note 3)	17,305	16,427	44,317	16,890	33,346
Other policy benefits	—	—	—	—	639
	22,742	26,623	60,558	24,052	47,075
	3,309	4,666	5,413	2,660	4,227
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,896	4,381	4,407	1,829	3,567
	413	285	1,006	831	660
OTHER INCOME:					
Interest and investment income	173	230	627	239	643
Gain arising from devaluation of sterling	—	47	—	—	—
Income before taxation	586	562	1,633	1,070	1,303
TAXATION (Note 4)	96	42	244	182	154
Net income	490	520	1,389	888	1,149
RETAINED EARNINGS, beginning of period	110	594	1,108	1,108	2,489
Transfer to statutory reserve	(6)	(6)	(8)	(8)	(9)
RETAINED EARNINGS, end of period	$ 594	$ 1,108	$ 2,489	$ 1,988	$ 3,629

The accompanying notes are an integral part of these statements.

IOS INSURANCE HOLDINGS LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(INCLUDING NOTES APPLICABLE TO UNAUDITED PERIODS)

1. Corporate Reorganization:

On April 29, 1969, I.O.S., Ltd. acquired an inactive, non-resident Canadian corporation whose name was changed to IOS Insurance Holdings Ltd. (the "Company") and whose authorized capital was increased to U.S. $20,000,000, divided into 20,000,000 shares of U.S. $1.00 par value each. Between April 30 and May 21, 1969 all of the issued capital of The International Life Insurance Company, S.A. ("ILI") was exchanged for 320,000 shares of the Company's capital stock; an additional 500,000 shares were also subscribed by the shareholders of ILI, in proportion to their holdings, at a price of U.S. $10.00 per share.

The accompanying financial statements are presented on the basis of the Company continuing the business and operations of ILI and reflect the Company's significant subsidiaries on a fully consolidated basis. Accounts maintained in currencies other than U.S. dollars have been translated into U.S. dollars at current or historical rates of exchange, as appropriate.

2. Cash:

Cash includes $1,949,000 at December 31, 1968 and $4,548,000 at June 30, 1969 deposited with affiliated banks.

3. Policy Reserves:

The reserve on Equity Unit Account is required to be maintained under the Companies' Dover Equity Plan policies. Other policy reserves have been determined by the Companies' independent actuaries at year-ends. The movement during the three years ended December 31, 1968 and the six months ended June 30, 1968 and 1969 was as follows:

	Year Ended December 31,			Six Months Ended June 30,	
	1966	1967	1968	1968	1969
				(Unaudited)	
			(000 Omitted)		
BALANCE, beginning of period	$10,358	$26,785	$ 53,740	$53,740	$123,311
Allocation, per statements of income	17,305	16,427	44,317	16,890	33,346
Dividend and interest (net)	2	83	540	211	705
Appreciation (decline) in market value of securities	(880)	10,467	26,985	22,602	(30,161)
Management and investment advisory charges	—	(22)	(389)	(123)	(475)
Capital gains tax equalization	—	—	(1,882)	—	1,882
BALANCE, end of period	$26,785	$53,740	$123,311	$93,320	$128,608

4. Taxation:

Taxation expense comprises:

	Year Ended December 31,			Six Months Ended June 30,	
	1966	1967	1968	1968	1969
				(Unaudited)	
			(000 Omitted)		
Provisions for Luxembourg taxes	$42	$34	$ 38	$ 45	$ 15
Provisions for deferred Luxembourg taxes on earnings retained by Bahama Islands subsidiary	54	70	82	5	14
United Kingdom taxation (relief)	—	(62)	124	132	125
	$96	$42	$244	$182	$ 154

In the event of dividend distributions by certain subsidiaries to the Company, such distributions would be subject to non-refundable withholding taxes of 9% deducted at source, which have not been provided for in the accounts.

5. Investments in and Advances to Unconsolidated Subsidiaries:

At June 30, 1969, the Company had advanced $1,329,000 (December 31, 1968—$146,000) to Queensway Development Corporation Limited, a wholly-owned, unconsolidated subsidiary. The cost of the investment in this company, amounting to $242,000, is included in marketable securities under "Investments Relating to Equity Unit Account". The Company is committed to additional advances of approximately $3,784,000 to this company. The balance at December 31, 1968 also includes the cost of the investment in "I.V.M." (De Internationale Verzekering Maatschappij) N.V., a wholly-owned subsidiary, which was consolidated at June 30, 1969.

6. Insurance in Force:

The Companies had insurance in force at December 31, 1968 and June 30, 1969, of $930,297,000 and $1,122,939,000, respectively, before reinsurance.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To IOS Financial Holdings Limited:

We have examined the consolidated balance sheet of IOS Financial Holdings Limited (an English corporation and a wholly-owned subsidiary of I.O.S., Ltd.) and Subsidiaries as of December 31, 1968, and the related statements of consolidated income, retained earnings and legal and special reserves for the three years then ended. The financial statements for all years reflect the acquisition as of June 30, 1969 (subsequent to the date of this report) of Liquidations Limited as discussed in Note 1 to the financial statements. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the 1966 and 1967 financial statements of certain subsidiaries but we were furnished with reports of other auditors thereon.

In our opinion, based upon our examination and the reports of other auditors as referred to above, the accompanying financial statements present fairly the financial position of IOS Financial Holdings Limited and Subsidiaries as of December 31, 1968 and the results of their operations for the three years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change explained in Note 1.

Zurich, Switzerland,
April 15, 1969.

(Signed) Arthur Andersen & Co.

IOS FINANCIAL HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Canadian.)

ASSETS	December 31, 1968	June 30, 1969 (Unaudited)
	(000 omitted)	
Cash and due from banks ($3,907,000 restricted—Note 4)	$ 47,973	$ 69,357
Marketable securities, at cost which approximates market	5,821	9,865
Due from customers (Note 6):		
Demand accounts	8,358	21,603
Loans	33,579	65,564
	41,937	87,167
Less—Reserve for losses	348	2,279
	41,589	84,888
Accounts receivable from:		
Affiliated companies	661	1,669
Tender fees and other (Note 4)	509	1,615
	1,170	3,284
Notes receivable from:		
Sale of Pension Life Insurance Company (Note 5)	2,163	2,163
Associated parties	1,014	1,035
	3,177	3,198
Investment in and receivable from joint venture	1,341	930
Excess of cost over underlying book value of consolidated subsidiaries (Note 1)	198	5,003
Property and equipment, at cost	550	2,458
Less—Accumulated depreciation	205	367
	345	2,091
Accrued interest receivable and other assets	794	1,619
	$102,408	$180,235
LIABILITIES		
Deposits:		
Customers' demand accounts	$ 22,986	$ 52,476
Customers' time accounts	12,526	13,858
Affiliates	13,238	28,337
Due to banks:		
Demand accounts	7,720	12,518
Time accounts	2,991	2,098
Loans, collateralized by customers' securities	18,949	29,662
Cashier's cheques	3,856	5,534
Accounts payable to affiliated companies	6,200	11,429
Other liabilities (Note 1)	3,620	5,397
Total liabilities	92,086	161,309
STOCKHOLDER'S INVESTMENT (Note 1)		
Capital stock (Note 2)	7,815	12,572
Consideration received in excess of par value	157	157
Legal and special reserves	—	718
Retained earnings (Notes 1 and 3)	2,350	5,479
Total stockholder's investment	10,322	18,926
	$102,408	$180,235

Approved on behalf of the Board:

(Signed) EDWARD M. COWETT, Director (Signed) JAMES ROOSEVELT, Director

The accompanying notes are an integral part of these Balance Sheets.

Statements of Consolidated Income

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Can.)

	Year Ended December 31,			Six Months Ended June 30,	
	1966	1967	1968	1968	1969
				(Unaudited)	(Unaudited)
			(000 omitted)		
INCOME:					
Interest (Notes 6 and 7)	$2,139	$3,102	$4,535	$2,622	$ 5,314
Commissions (Notes 6 and 7)	812	2,045	3,114	650	2,307
Income from marketable securities, net	2	4	285	—	729
Tender fees (Note 4)	—	—	510	—	1,076
Underwriter fees	—	—	260	—	556
Other	90	117	415	154	997
	3,043	5,268	9,119	3,426	10,979
EXPENSES:					
Administration	911	1,283	2,812	1,018	2,793
Interest (Note 6)	736	1,671	1,858	800	2,331
Provision for depreciation and amortization	155	120	360	56	187
Commissions	23	67	77	35	114
Service fee	146	170	4	—	—
Other	136	70	—	—	151
	2,107	3,381	5,111	1,909	5,576
Income before minority interest and taxes	936	1,887	4,008	1,517	5,403
MINORITY INTEREST	—	—	—	—	14
Income before taxes	936	1,887	4,008	1,517	5,389
INCOME AND CAPITAL TAXES (Note 8)	5	63	323	44	627
Net income (Note 8)	$ 931	$1,824	$3,685	$1,473	$ 4,762

The accompanying notes are an integral part of these statements.

IOS FINANCIAL HOLDINGS LIMITED AND SUBSIDIARIES

Statements of Consolidated Retained Earnings

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Can.)

	Year Ended December 31,			Six Months Ended June 30,	
	1966	1967	1968	1968 (Unaudited)	1969 (Unaudited)
			(000 omitted)		
BALANCE, beginning of period	$ 15	$ 910	$2,367	$2,367	$2,350
ADD					
Net income	931	1,824	3,685	1,473	4,762
DEDUCT					
Transfer to legal and special reserves	(36)	(367)	—	—	(718)
Transfer of retained earnings as of December 31, 1967 of acquired companies to capital stock (Note 1)	—	—	(384)	(384)	—
Dividends paid to I.O.S., Ltd. by Liquidations Limited (Note 1)	—	—	(3,318)	—	(915)
BALANCE, end of period	$910	$2,367	$2,350	$3,456	$5,479

Statements of Consolidated Legal and Special Reserves

(These financial statements are published in terms of U.S. dollars. For the purposes of this prospectus, as a matter of arithmetical computation only, these statements have been translated into Canadian dollars on the basis of $1.00 U.S.=$1.08125 Can.)

	Year Ended December 31,			Six Months Ended June 30,	
	1966	1967	1968	1968 (Unaudited)	1969 (Unaudited)
			(000 omitted)		
BALANCE, beginning of period	$20	$ 56	$423	$423	$ —
ADD					
Appropriations out of net income	36	367	—	—	718
DEDUCT					
Transfer of reserves as of December 31, 1967 of acquired companies to capital stock (Note 1)	—	—	(423)	(423)	—
BALANCE, end of period	$56	$423	$ —	$ —	$718

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

(INCLUDING NOTES APPLICABLE TO UNAUDITED PERIODS)

1. Principles of Consolidation:

IOS Financial Holdings Limited (the "Company") was incorporated on March 29, 1968 and acquired its investments for stock from I.O.S., Ltd. in 1968 for a price equal to the net assets of the acquired companies as of December 31, 1967. In addition, as of June 30, 1969, the Company acquired for stock substantially all of the operating assets (subject to certain liabilities) and business of Liquidations Limited from I.O.S., Ltd.

The accompanying financial statements reflect the accounts of all such subsidiaries for all periods. In this connection, the financial statements as of December 31, 1968 have been restated from those previously published.

During 1969, the Company acquired a 96% interest in Banca Provinciale di Depositi e Sconti S.p.A. ("Probanca") for cash. This acquisition has been accounted for as a purchase and the accompanying statement of income for the six months ended June 30, 1969 includes the operations of Probanca (which are not material to consolidated operations) from January 1, 1969 to June 30, 1969. Of the total purchase price paid, $4,838,000 has been assigned by the Company to "Excess of cost over underlying book value of consolidated subsidiaries" in the accompanying balance sheet at June 30, 1969. It is the intention of the Company to allocate a portion of the above amount to the property and equipment acquired on the basis of replacement market values as determined by independent appraisers. The Company does not presently intend to amortize the remainder because it is believed to have continuing value.

All subsidiaries are wholly-owned with the exception of Orbis Bank GmbH and Probanca in which there are minority interests of 10% and 4%, respectively. The amount of minority interest in these companies of $81,000 as of December 31, 1968 and $154,000 as of June 30, 1969 is included in "Other liabilities" in the accompanying balance sheets.

Accounts of subsidiaries maintained in currencies other than U.S. dollars have been translated into U.S. dollars at standard rates of exchange which closely approximate the prevailing exchange rates at period end.

2. Capital Stock:

The authorized capital stock of the Company was 50,000 shares of Swiss Francs 1,000 par value each at December 31, 1968. On April 23, 1969, the authorized capital of the Company was increased to 75,000 shares of Swiss Francs 1,000 par value each. At December 31, 1968 and June 30, 1969, 31,084 and 50,000 shares were outstanding.

3. Undistributed Earnings of Subsidiaries:

In the event of dividend distributions by certain subsidiaries to the parent company, such distributions would be subject to non-refundable withholding taxes deducted at source (ranging from 17% to 30%), which have not been provided for in the accounts.

4. Commitments, Contingencies, Restrictions and Litigation:

In the normal course of business there are outstanding various commitments and contingent liabilities (mainly bank guarantees) totalling approximately $1,422,000 and $4,369,000 as of December 31, 1968 and June 30, 1969, respectively. In the opinion of Company management, no losses are anticipated as a result of these transactions. In addition the Company is committed to increase its investment in the share capital of Probanca by approximately $1,730,000.

At December 31, 1968, a subsidiary of the Company had $541,000 on deposit, interest free, at an unaffiliated bank. This deposit, subsequently transferred to an interest-bearing Certificate of Deposit by another subsidiary of the Company, was made as collateral for a loan to assist a limited partnership consisting of the IOS Foundation of Delaware, Inc. as General Partner and approximately 20 stockholders of I.O.S., Ltd. as limited partners, in arranging for the acquisition of depreciable equipment. The Company has been guaranteed by the limited partners of the Partnership against loss in this transaction.

Legal action has recently been instituted by the Company for the collection of $541,000 included in accounts receivable ("Tender fees and other") and in income ("Tender fees") at June 30, 1969. In the opinion of legal counsel to the Company, this amount is fully collectible.

5. Note Receivable from Sale of Pension Life Insurance Company:

As of December 31, 1968, Liquidations Limited sold its entire interest in Pension Life Insurance Company receiving as consideration a note due March 31, 1970, without interest, in the face amount of $2,163,000, which amount, after estimated expenses of sale, approximated the investment cost. In accordance with the terms of the sales agreement, the note is held in escrow and is subject to a reduction in face amount, prior to or on the due date, if the net worth of Pension Life is subsequently determined to be less than the amount stipulated in the sales agreement.

In the opinion of Company management, this transaction will be concluded without loss to the Company.

6. Other Transactions:

Amounts arising from transactions with affiliated companies included in interest income, commission income and interest expense were as follows for 1968 and the six months ended June 30, 1969:

	Year Ended December 31, 1968	Six Months Ended June 30, 1969
	(000 omitted)	
Income:		
Interest	$ 77	$ —
Commissions	724	352
	$801	$352
Interest expense	$125	$ 54

In the regular course of their business, the Company's banking subsidiaries have made loans to officers and directors of the Company and its affiliates. Such loans which represented 2.2% and 5.7% of the amounts shown as "Due from customers" at December 31, 1968 and June 30, 1969, respectively, were made on terms which, in the opinion of management, are generally comparable to those for loans made by the banks to other persons. Substantially all of the above loans were collateralized, principally with publicly traded securities of an affiliate, with market values at the applicable dates in excess of the amounts due to the banks.

7. Interest and Commission Income:

Reference is made to Note (11) to the consolidated financial statements of I.O.S., Ltd. and subsidiaries included elsewhere in this prospectus regarding income from securities loan activities.

8. Taxes:

Overseas Development Bank, the principal bank in the group, has provided for income taxes on the basis of the estimated amount of taxes payable for the year 1969. In accordance with Swiss laws and practice, such amount is based on results reported for the previous year and does not take into consideration current results. Had income taxes been provided for by Overseas Development Bank on income earned as and when reported, which would be in accordance with generally accepted accounting principles, the provision for income taxes for the six months ended June 30, 1969 would have been higher, and the net income for that period would have been lower, by approximately $249,000.

Certificate of the Company

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Section 13 of the Securities Act (New Brunswick), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under The Securities Act (Quebec) and by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder.

DATED: September 22, 1969.

(Signed) BERNARD CORNFELD
President and Chief Executive Officer

(Signed) MELVIN LECHNER
Treasurer and Chief Financial Officer

(Signed) JAMES ROOSEVELT
Director, on behalf of the Board

(Signed) EDWARD M. COWETT
Director, on behalf of the Board

Directors

(Signed) BERNARD CORNFELD
(Signed) JAMES ROOSEVELT
(Signed) EDWARD M. COWETT
(Signed) GEORGE LANDAU
(Signed) ALLEN R. CANTOR
(Signed) BEN HEIRS*
(Signed) ERIC WYNDHAM WHITE
(Signed) R. M. HAMMERMAN
(Signed) RICHARD GANGEL
(Signed) ELI WALLITT
(Signed) GEORGE VON PETERFFY
(Signed) M. M. BROOKE
(Signed) C. HENRY BUHL, III
(Signed) CARL JOHAN BERNADOTTE*
(Signed) PASQUALE CHIOMENTI*
(Signed) HARVEY FELBERBAUM*
(Signed) ROY KIRKDORFFER*
(Signed) ERICH MENDE*
(Signed) MARTIN SELIGSON*
(Signed) BARRY HARMAN STERLING*
(Signed) ROBERT SUTNER*
(Signed) GEORGE TREGEA*
(Signed) IRA WEINSTEIN*
(Signed) WILSON WATKINS WYATT*

*by his agent, (Signed) EDWARD M. COWETT

Certificate of Canadian Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, by Section 13 of the Securities Act (New Brunswick), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under The Securities Act (Quebec) and by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder.

DATED: September 22, 1969.

J. H. CRANG & CO.

By: (Signed) M. J. HOWE

The following includes the names of the partners of J. H. Crang & Co.: James Harold Crang, Eric Duff Scott, Dennis A. FitzGerald, Murray Joseph Howe, David M. Dunlap, Paul Robert, Fred Vernon McCann, Owen Anthony Haig Sims, James William Bradshaw, Peter C. D. Best and G. C. Donley (limited partner).

19. OFFICERS AND DIRECTORS

The full name and address and occupation during the past five years of each officer and director of the Company are as follows:

Directors and Officers	Home Address	Company Office Held	Principal Occupation(s) within the five preceding years
Count Carl Johan Bernadotte	3 Villa Emile-Bergerat 92 Neuilly-sur-Seine France	Director	Chairman of the Board, Sundstrand International Corporation (an hydraulics and engineering firm), Paris, France, (1967 to present), Chairman of the Board, Sundstrand Hydraulic AB, Paris, France, (1954 to 1967)
Martin Montague Brooke	Duxbury House Chantry View Road Guildford, Surrey England	Director	Director, Guiness Mahon and Co. Ltd. (investment dealers), London, England
Christian Henry Buhl, III*	Les Charmettes Gland, Vaud Switzerland	Director	President, IIT Management Company, S.A.
Allen Richard Cantor*	Port Choiseul Rue Marchard Versoix, Geneva Switzerland	Executive Vice-President and Director	President, Investors Overseas Services Limited
Dr. Pasquale Chiomenti	98 via Buozi Rome, Italy	Director	Senior Partner, Studio Chiomenti, (a firm of lawyers) Rome, Italy
Bernard Cornfeld*	218 rue de Lausanne Geneva, Switzerland	President, Chairman of the Board and Director	President, Director and Chief Executive Officer, I.O.S., Ltd. (S.A.)
Edward Joseph Coughlin, Jr.	4 place de l'Etrier Chêne-Bougeries Geneva, Switzerland	Secretary	Secretary and Associate General Counsel, I.O.S., Ltd. (S.A.) (1965 to present), Associated with Messrs. Paul, Weiss, Goldberg, Rifkind, Wharton & Garrison (a firm of lawyers), New York City, U.S.A., (1955-1965)
Edward Morton Cowett*	Villa Belle Haven Cologny 1223 Geneva, Switzerland	Executive Vice-President and Director	Executive Vice-President and General Counsel, I.O.S., Ltd. (S.A.)
Harvey Felberbaum	Piazza Monte Savello 30 Rome, Italy	Director	General Manager (1964 to present) and Sales Associate (1958 to 1964), Investors Overseas Services
Richard Gangel*	26 Rutland Gate London S.W.7 England	Director	Vice-President (1967 to present), General Manager (1964 to 1967) and Sales Associate (1959 to 1964), Investors Overseas Services
Kent Gordis**	Grande Coudre Celigny Vaud, Switzerland	Vice-President	President, International Scientific Systems Limited (a computer service company)
Richard Hammerman	26 Kingston House South Ennismore Gardens London S.W.7 England	Director	President, The International Life Insurance Company (U.K.) Ltd.

Directors and Officers	Home Address	Company Office Held	Principal Occupation(s) within the five preceding years
Ben Heirs**	27 chemin de Bougeries Chêne-Bourg Geneva, Switzerland	Executive Vice-President of Subsidiary	Senior Officer of Predecessor Company's Banking Organization
Roy Kirkdorffer	Ilchester House Winnington Road London N.2 England	Director	Chairman and Managing Director, Investors Overseas Services (U.K.) Limited, (1968 to present), General Manager (1965 to 1968) and Sales Associate (1959 to 1965), Investors Overseas Services
George Landau*	La Vigie 109 la route de la Capite Cologny 1223 Geneva, Switzerland	Vice-President and Director	Vice-President, I.O.S., Ltd. (S.A.)
Jay Francis Leary	5 rue du Colombier Geneva, Switzerland	Assistant-Secretary	Attorney, associated with Willkie Farr & Gallagher, (a firm of lawyers), New York City, (1963 to 1967); officer of various subsidiaries of the Company (1967 to date)
Melvin Lechner	4 place de l'Etrier Chêne-Bougeries Geneva, Switzerland	Treasurer	Certified Public Accountant, Finance Division, Predecessor Company, (1966 to present). Associated with Arthur Andersen & Co. (a firm of accountants), New York City, (1960 to 1966)
Erich Mende	Am Stadtwald Bad Godesburg Germany	Director	President, Investors Overseas Services in Deutschland GmbH (1967 to present), Vice-Chancellor and Member of Bundestag, Republic of West Germany, (1949 to present)
George von Peterffy	6 Coolidge Hill Road Cambridge, Massachusetts U.S.A.	Director	Associate Professor, Harvard Business School, Boston, Massachusetts, U.S.A.
Norman Rolnick	1249 Avully Geneva, Switzerland	Assistant Treasurer	Comptroller, I.O.S., Ltd. (S.A.)
James Roosevelt*	Route de Jussy 1254 Jussy Geneva, Switzerland	Director	President and Director, IOS Development Company Limited, (1967 to present), Permanent U.S. Representative to Committee II of the United Nations and Member of Delegation from the United States to the United Nations General Assembly, (1965-1966), Member of the United States House of Representatives (1952-1965)
Lawrence Rosen	Chemin des Palettes 31 Grand Lancy Geneva, Switzerland	Assistant-Secretary	Officer of Predecessor Company's Sales Organization

Directors and Officers	Home Address	Company Office Held	Principal Occupation(s) within the five preceding years
Martin Seligson*	Chemin des Hauts-Crets 19 Cologny, Geneva Switzerland	Director	President, Investors Development Corporation Limited, (1964 to present), President and Director, Atlantic Improvement Corporation, (a real estate development company), New York City, (1960 to 1964)
Barry Harman Sterling*	41 Avenue Foch Paris, France	Director	President, IOS Financial Holdings Limited, (1968 to present) General Manager, IOS Development Company Limited, (1967-1968), Senior Partner, Hindin, Sterling, McKittrick & Powsner, (a firm of lawyers), Beverly Hills, California, (1960 to 1967)
Robert Sutner	299 Highland Avenue Ridgewood New Jersey, U.S.A.	Director	Officer of Predecessor Company's Sales Organization
George Tregea*	Quai Wilson 43 Geneva, Switzerland	Director	Senior Officer of Predecessor Company's Sales Organization
Eli Wallitt*	57 route de Collex Bellevue, Geneva Switzerland	Director	Field Director (1964 to present) and General Manager (1959 to 1964), Investors Overseas Services
Ira Weinstein	12 Rosemount Avenue Westmount, Québec Canada	Director	President, I.O.S. of Canada Ltd.
Sir Eric Wyndham White*	1, Place de la Taconnerie Geneva, Switzerland	Vice-President and Director	Vice-President, I.O.S., Ltd. (S.A.) (1968 to present), Director General, General Agreement on Tariffs and Trade (GATT)
Wilson Watkins Wyatt	1001 Alta Vista Road Louisville, Kentucky U.S.A.	Director	Senior Partner, Wyatt Grafton and Sloss, (a firm of lawyers), Louisville, Kentucky, U.S.A., (1963 to present), Lieutenant-Governor, State of Kentucky, (1959 to 1963)

*Denotes Member of Executive Management Committee ("the Committee"). The by-laws of the Company vest in the Committee all residual powers of the board of directors in the interim between meetings of the directors and empower the Committee to take all action that might be taken by the board. The Committee is appointed by the board annually and holds regular meetings at least monthly. All directors who are not specifically appointed to the Committee are invited to attend and vote at all meetings. Mr. Edward M. Cowett is the Chairman of the Committee.

**Denotes ex-officio, non-voting member of the Committee.

Pursuant to a resolution duly passed by its board of directors, the applicant Company hereby applies for listing the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

I.O.S., LTD.

Corporate Seal

by "EDWARD M. COWETT",
Director

by "MARTIN SELIGSON",
Director

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

J. H. CRANG & CO.

by "M. J. HOWE"

DISTRIBUTION OF COMMON STOCK AS OF NOVEMBER 28, 1969

Number			Shares
4,084	.... Holders of	1 — 24 share lots	63,624
9,606	.... " "	25 — 99 " "	522,892
5,165	.... " "	100 — 199 " "	722,138
2,547	.... " "	200 — 299 " "	591,415
988	.... " "	300 — 399 " "	333,328
461	.... " "	400 — 499 " "	200,393
786	.... " "	500 — 999 " "	493,568
623	.... " "	1000 — up " "	8,068,742
24,260	Shareholders	Total shares	10,996,100